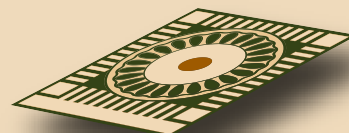


CITY OF  
**HAYWARD**  
CALIFORNIA

COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2010



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**CITY OF HAYWARD, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2010**

Prepared by:

Accounting Division, Department of Finance

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**CITY OF HAYWARD, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2010

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# CITY OF HAYWARD

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## INTRODUCTORY

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December 3, 2010

Honorable Mayor, Members of the City Council, and Citizens of the City of Hayward, California:

It is our pleasure to submit the Comprehensive Annual Financial Report, sometimes referred to as the CAFR, of the City of Hayward for the fiscal year ended June 30, 2010. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

#### FINANCIAL STATEMENT PRESENTATION

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Hayward, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mayer Hoffman McCann, PC., a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent auditor was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2010, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this Report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal Awards. These reports are available in the City’s separately issued Single Audit Report.

This comprehensive annual financial report (CAFR) is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City’s organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining financial statements and schedules, the independent auditor’s report on these financial statements and schedules, and management’s discussion and analysis (MD&A). The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The independent auditor’s report is presented as the first component of the financial section of the CAFR, followed by the MD&A which provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE CITY OF HAYWARD

With a population currently estimated at 153,104, Hayward is the third largest city in Alameda County. Hayward is located fourteen miles south of Oakland in the San Francisco Bay Area. The City area includes sixty-one square miles lying between the eastern shore of San Francisco Bay and the southern Oakland-Berkeley Hills.

Hayward serves as a major transportation hub and a center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit (BART). The community includes approximately 48,000 homes and residences of all types and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, two major hospitals, and state and county offices.

The City was incorporated in 1876. Under the City Charter adopted in 1956, the City government is organized in the Council-Manager form. The Mayor is directly elected to a four-year term of office and serves as a voting member and the presiding officer of the City Council. The City Council includes six other members, each of whom is elected at-large to overlapping four-year terms. The Mayor and City Council serve as the legislative and policy-making body of the City government.

The Mayor and City Council appoint a City Manager, a City Clerk, and a City Attorney. The City Manager is the City's chief executive officer and appoints all other City staff. The City Manager is responsible for the daily administration of the City government and provides overall direction to the City departments.

Hayward provides a full range of services to its residents including: law enforcement; fire prevention and protection; housing and economic development; land use development services and regulations; community planning; libraries; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. In addition, the City operates and maintains facilities for water distribution, storm water, and sanitary sewer collection and disposal. The City also operates a general aviation executive airport, downtown parking facilities, a main and branch library, and a civic center. Through its Redevelopment Agency, the City provides development services and improvements in a project area encompassing approximately 1,500 acres. City departments include City Manager's Office, City Clerk, City Attorney, Police, Fire, Public Works, Development Services, Library and Community Services, Maintenance Services, Human Resources, Finance, and Technology Services.

The City Council is also financially accountable for the Hayward Redevelopment Agency, the Hayward Public Financing Authority, the Hayward Housing Authority and the Hayward Business Improvement District; therefore, these component unit activities are included in the accompanying basic financial statements. Furthermore, the City participates in a number of joint ventures and authorities, which exist due to joint exercise of power agreements. An equity interest is reported for the East Bay Dischargers Authority ([www.ebda.org/](http://www.ebda.org/)). The complete financial activities have not been included for this entity, as the City Council is not financially accountable for them. Other entities, which have been excluded, that do not meet the established criteria for inclusion in the reporting entity are the Hayward Area Recreation and Park District ([www.haywardrec.org/](http://www.haywardrec.org/)) and Hayward Unified School District ([www.husd.k12.ca.us/](http://www.husd.k12.ca.us/)).

## ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is best understood when it is considered within the broader perspective of the specific environment in the City of Hayward.

*Local Economy* - Located midway between San Francisco and San Jose, the City of Hayward continues experiencing a significant down-turn in the economy like many other municipalities located in the San Francisco bay area. Management has mixed views regarding the outlook for the future due to the expectation that major revenues will not rebound to prior year levels in the near future. Revenue growth has been adversely affected by the nation-wide recession and new lows were tested during the year; however, the most recent data reflects slight improvement. The unemployment rates for the City of Hayward, Alameda County and the State of California are 11.4, 11.5 and 12.2, respectively. Economists predict that these rates will not decline much over the next twelve months.

The General Fund revenue outlook for the long term future of the City is difficult to predict. The slow recovery of the housing market is expected to restrain property tax growth. The City experienced an 8.4% decline in property tax revenues in fiscal year 2010. According to the County Assessor, property assessed values have been leveling off and only a 2% decline is expected for fiscal year 2011. With the declining economy and high unemployment, sales tax has been lagging in automobile sales, along with business-to-business, construction, and other retail sectors. The City experienced a more than 10% drop in sales tax revenues in fiscal year 2010, as compared to the prior year. Staff anticipates tempered growth in sales tax revenue for

the foreseeable future. Development related revenues have been strained as well. New construction activity that was previously planned has been sidelined while the credit markets sort themselves out. Only recently has building permit activity mildly picked up, mainly in the area of residential and commercial tenant improvements and not new construction. On May 19, 2009, the voters of the City of Hayward approved Measure A that allows for the collection of a 5.5% utility users tax to maintain key essential services and prevent further reductions to basic City services. The utility users' tax revenue for fiscal year 2010 was \$10.9 million and is estimated to be \$13.8 million in fiscal year 2011.

Expenditures are controlled in large part due to the City's prudent response and principled approach to cost containment. For example, the fiscal year 2010 General Fund budget was adopted with a \$3.4 million increase to budgeted reserves to ensure fiscal sustainability, and the annual expenditures were within \$2 million of the final budgeted amounts for the past two years. Controlling expenditures has been key to responding to this economic recession. Management and employee groups have partnered to identify significant savings. Our challenge is to continue this partnership and to identify how to turn some of these short-term savings measures, such as employee furloughs, into longer term, more permanent savings.

*Factors Affecting the City's Financial Condition* - The City has lost \$93.9 million in local revenues to the State since 1994, and while no additional grabs have been approved in the most recent budget, the State's resolution to its continued budget dilemma is unknown. The State's ability to take local government revenues, particularly in the area of redevelopment, has significantly hampered the future plans of local government for years. The Hayward Redevelopment Agency was greatly impacted by \$4.4 million paid to the State for the Supplemental Education Relief Augmentation Fund (SERAF) in fiscal year 2010. In May 2011, in accordance with ABX4-26, the Agency is required to pay an additional \$909,000 in SERAF payments.

The protections of Proposition 1A and Proposition 22 should reduce these concerns; however, the City will remain watchful over the State's actions.

- In November 2004, the voters of California approved *Proposition 1A*, an amendment to the California State Constitution intended to restore predictability and stability to local government budgets. The measure prohibits the state from: reducing the local Sales & Use Tax rate or altering its method of allocation; decreasing VLF revenue from the 0.65% rate without providing replacement funding; and/or shifting property taxes from cities, counties or special districts with certain exceptions.
- In November 2010, voters approved *Proposition 22-Local Taxpayer, Public Safety, and Transportation Protection Act*. Proposition 22 gives redevelopment agencies substantial additional protection from future State actions to take or shift local redevelopment funds, but it does not repeal or change ABX4-26, which takes \$2.05 billion from redevelopment agencies state-wide. Proposition 22 also contains a retroactive provision which overturns any State actions back to October

20, 2009. However ABX4-26 was passed in July 2009 and, therefore, the May 2011 payment must still be made.

Management is concerned about the outlook for the Hayward Redevelopment Agency. Near term revenue growth is expected to be minimal and offset by the State revenue takeaways as discussed above. Despite current economic conditions, long term revenue growth could be significant, should the Agency successfully implement a number of economic development proposals which remain active and under consideration. The Agency has devoted considerable resources in an effort to redevelop specific sites, including the completion of the Cannery area, South Hayward BART project, Mission Blvd. corridor improvements, and the Downtown retail attraction program.

As stated previously, both prolonged recessionary pressures and the sustained impact of State takeaways influence the City in both the near and long term. The City has been prudent with its financial resources and exercised cost containment by maintaining budget correction strategies. This has helped the City retain reserve levels although not to fully funded Council-adopted policy levels. In conclusion, the City has successfully addressed the financial challenges of the past few years and has positioned itself well for the future. Nonetheless, the economy is tenuous and the future is difficult to predict. The City must also make adjustments to its general expenditures in order to address an ongoing structural deficit over the next few fiscal years. This deficit has been managed with short-term measures over the past few years but longer term, more permanent solutions must be identified.

## **MAJOR INITIATIVES**

The major initiatives for the year were developed based on the City Council adopted priorities:

- ❖ Crime and Public Safety
- ❖ Neighborhood Services/Cleanliness
- ❖ Organizational Health
- ❖ Land Use and Sustainability
- ❖ Fiscal Stability

Through the budget planning process, and with City Council direction, the management team refined the priorities and developed basic strategies, specific objectives, and service delivery outcomes for achieving each priority. The operating budget provides details related to the progress made in each department related to these City Council Priorities. A few of the major initiatives are discussed below.

*Capital Improvement Program* – An example of one of the strategies to meet Council priorities is the City's Ten-Year Capital Improvement Program that identifies \$406 million in total project allocations. These projects will improve the economic base of the City and, eventually, the revenue picture for the future, as well as improving the safety and reliability of key City infrastructure for residents, businesses and visitors. The City has several major initiatives underway. Most notably are \$138 million in streets and roads projects, \$83 million in sewer system projects, \$58 million in water system projects and \$23.6 million in redevelopment

projects as discussed below. Another \$30 million has been set aside for airport projects and approximately \$74 million in other various improvements.

### Crime and Public Safety

The City made progress in addressing the primary City Council priority of Crime and Public Safety in the following areas.

*Police Department Strategic Plan Implementation:* Portions of the Police Department strategic plan continue to be implemented including: moving forward with the CALEA accreditation process that is expected to be complete during fiscal year 2011; creating an investigative gang unit; restructuring the narcotics investigation unit; refining the district command/field office structure; and creating neighborhood forums.

*Federal Economic Stimulus Dollars for Public Safety:* The Police Department secured American Recovery and Reinvestment Act (ARRA) grant funds for nine new police officer positions and will continue to pursue other grant funds as they become available.

*SMASH Program:* Continued progress addressing neighborhood safety by actively participating in ten synchronized multi-agency safe housing operations (SMASH) in partnership with other local agencies during fiscal year 2010. This program addresses crime and quality of life issues in residential areas.

### Neighborhood Services/Cleanliness

*Neighborhood Partnership Program:* Conducted neighborhood partnership meetings in fourteen neighborhoods and administered five neighborhood improvement program grants to support resident-initiated projects. Continued the Hayward Blight Busters Program to clean up neighborhoods and provide graffiti removal.

*Constituent Relations Management (CRM) System:* Completed implementation of the Access Hayward CRM to support residents of Hayward and better serve the public. This system allows anyone to access the city via the internet to research an issue, or make a complaint or request.

*Neighborhood Stabilization Program:* Implemented Neighborhood Stabilization Program with Federal stimulus grant funding provided by the American Recovery and Reinvestment Act (ARRA) to acquire and rehabilitate foreclosed properties.

*Emergency Shelter/Homeless Prevention:* Implemented Emergency Shelter/Homeless Prevention Program with Federal stimulus grant funding provided by the American Recovery and Reinvestment Act (ARRA) to provide programs that benefit Hayward residents who are at risk of becoming homeless or to re-house persons who have recently become homeless.

### Land Use and Sustainability

*Route 238 Settlement:* Route 238 stretches from one end of the City of Hayward to the other and there are several projects related to this corridor. The major project relates to the disposition of the old 238 bypass freeway plan which was abandoned by Caltrans. The City, Alameda County, and Caltrans worked with housing advocates to develop a settlement agreement that outlines how

the residents of State-owned properties will be accommodated, and how land use issues will be handled. The City conducted a land use study on these 238 properties and continues to work towards implementing the settlement agreement.

*Route 238 Corridor Improvement Project:* The City is making many improvements to transportation and pedestrian access on Route 238 near the areas of Foothill, Mission, and Carlos Bee Boulevards, including providing a one-way loop street system in the downtown area. The project will address existing and projected traffic congestion along the Route 238 Corridor.

*South Hayward BART Transit Oriented Development (TOD) Project:* This mixed-use TOD project received an allocation of \$47 million in State Prop 1C funding to develop elements of the public infrastructure associated with the project. The project includes building a transit village with retail, condominiums, affordable rental units, parking, and senior housing. Also, a replacement parking garage will be built to serve BART patrons.

*Economic and Redevelopment Priorities:* Continued economic development efforts include, expanding the “Hayward Open for Business” website and downtown retail attraction program. The City also launched a “Shop Hayward” campaign and held a Vendor Fair. The City continued the graffiti prevention (public art) program by adding new murals to downtown buildings, and expanding art on utility boxes. The Council also adopted an update to the Redevelopment five-year implementation plan.

*Sustainability Efforts:* The City Council adopted a Climate Action Plan and Green Building ordinance for private development. Staff has begun development of a residential and commercial energy conservation ordinance. The Council Sustainability Committee has also been very active in seeking out various ways to “Green” the City.

#### Organizational Health and Fiscal Stability

*Long Range Financial Planning:* Refined and confirmed analysis for ten-year planning in the annual budget for the General Fund and developed ten-year plans for all internal service and enterprise funds.

*Permit Center:* Completed an assessment and implemented recommendations to improve the Development Services Permit Center.

### FINANCIAL INFORMATION

*Internal Controls.* The City’s management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management.

*Budgetary Controls.* The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the Annual Budget approved

by the City Council. Per the City Charter, the City Council is required to adopt an annual budget resolution by July 1 of each fiscal year. Activities of all funds, except agency funds, are included in the Annual Budget. The City also adopts a ten-year capital improvement program, but only appropriates the current year's expenditures in the Annual Budget. The level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City Manager may authorize transfers of appropriations within the adopted budget. Supplemental appropriations during the year must be approved by the City Council. Presentations of budgetary comparison statements include a more detailed level of information for analysis purposes. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are reported as a reservation of fund balance and are automatically re-appropriated in the following year. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

*Financial Policies.* The City Council adopts financial policies, including a fund balance reserve policy for the General Fund, Risk Management, and Internal Service funds. The policy states that General Fund reserves for economic uncertainty and liquidity should be 15% of the annual General Fund operating appropriations, which equals approximately \$16 million for fiscal year 2010, but at a minimum \$7.5 million. The amount designated for this General Fund reserve as of June 30, 2010 is \$14 million. The policy also sets forth a \$10 million reserve for emergencies to be established over a ten year planning period. This reserve for emergencies is important due to the risk of a major earthquake and the Hayward fault bifurcating the City. However, due to the economic recession, funding for this reserve has been delayed.

*Long-term Planning.* One of the financial policies noted above outlines the City's goals related to long range financial forecasting. As recommended by the policy, beginning in fiscal year 2010, the City annually prepares and adopts a ten-year financial plan for the General Fund as part of the operating budget. The City also adopts a ten-year Capital Improvements Program annually. The capital projects include work planned in the areas of transportation, redevelopment, low to moderate income housing, pedestrian access, utilities, airport, and internal services capital replacements. Special funds are designated to fund these projects. All these investments in the various areas reflect the City Council's commitment to maintain or improve the City of Hayward and provide the citizens with the highest possible service and level of infrastructure possible given constrained funding.

*Debt Administration.* As of June 30, 2010, the City has nine debt issues outstanding and various capital leases totaling \$155.6 million. Of these, \$45.2 million are certificates of participation, \$51.6 million are tax increment tax allocation bonds, \$3.9 million are revenues bonds, \$51.8 million is a State Water Resources Control Board Loan, and \$3.1 million is for capital lease obligations. Under current State statutes, a general law city's general obligation bonded debt issuance is subject to a legal limitation based on 15% of total assessed value of secured and unsecured property. As of June 30, 2010, the City had no general obligation bonded debt.

*Cash Management.* Cash temporarily idle during the year was mainly invested in U.S. Government securities and with the State Treasurer's Local Agency Investment Fund (L.A.I.F.). The average yield on investments held at L.A.I.F. was 0.65% and the average yield earned on the



City's portfolio was 1.14% for fiscal year 2010. The City's investment policy is conservative. Its goal is to maximize earnings while minimizing credit and market risks. The City Council annually adopts a Statement of Investment Policy. The policy defines the objectives and priorities of the investment program, stressing safety and liquidity of funds as the highest priority. The third priority is to achieve the maximum yield possible within the constraints and limits stated in the policy.

*Risk Management.* The City is self-insured for comprehensive general liability claims and workers' compensation. The City is a member of the Exclusive Risk Management Authority of California (ERMAC), a joint powers authority for general municipal liability insurance coverage, which assists the City in better managing its risk exposure and predictability of costs.

## AWARDS AND ACKNOWLEDGEMENTS


*Award Recognition.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Hayward for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the twenty-fourth consecutive year that the City of Hayward has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This Report must also satisfy both GAAP and applicable legal requirements.

A *Certificate of Achievement for Excellence in Financial Reporting* from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and staff will submit it to the GFOA to determine eligibility for another certificate.

*Acknowledgements.* The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. All those who contributed to the preparation of this report deserve commendation for their efforts and dedication. In particular, we would like to express our appreciation to Henry Gudino, Accounting Manager, Mikyung Pustelnik, Senior Accountant, and Virginia Casuga, Senior Account Technician whose knowledge and dedication were most valuable.

We also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this Report and express our appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

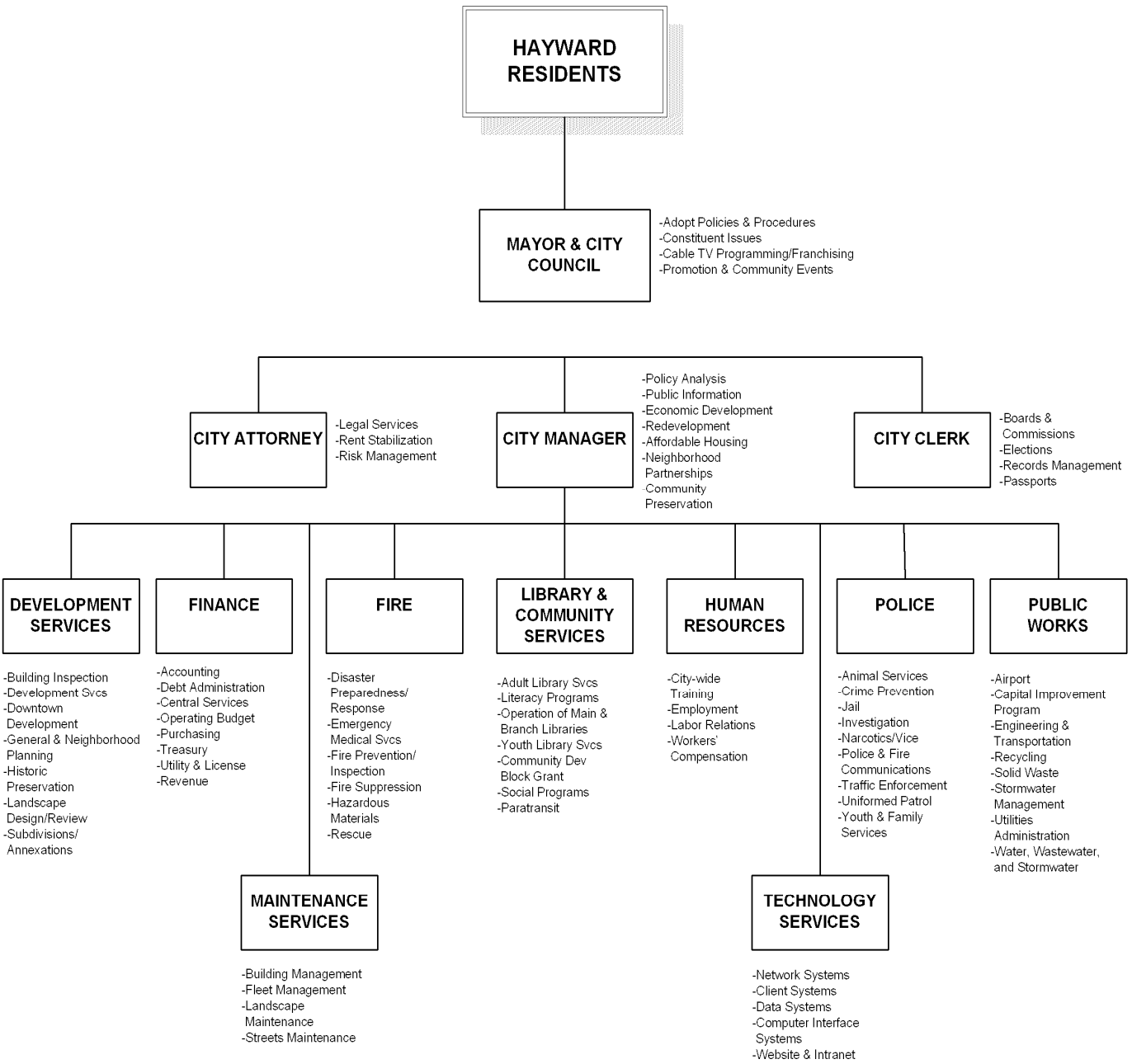
Respectfully Submitted,



Debra C. Auken  
Director of Finance  
City of Hayward

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# CITY OF HAYWARD ORGANIZATION



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## City of Hayward

### Elected Officials in office as of June 30, 2010

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The Mayor and six Council members represent Hayward residents, review public policy, and adopt policies responsive to the community. The City Council meets Tuesday at 7:00pm except for the second and fifth Tuesday of each month. Council is in recess for the month of August. Council Chambers are located on the second floor of City Hall, 777 B Street, Hayward, CA 94541. The public is invited to attend Council meetings.



Michael Sweeney  
Mayor



Bill Quirk  
Council Member



Barbara Halliday  
Council Member



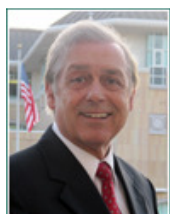
Mark Salinas  
Council Member



Olden Henson  
Council Member



Francisco Zermeño  
Council Member



Marvin Peixoto  
Council Member

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## City Of Hayward

Administrative Staff as of June 30, 2010

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### Appointed by City Council

City Manager	Fran David
City Attorney	Michael Lawson
City Clerk	Miriam Lens

### Department Directors

Assistant City Manager	Vacant
Development Services Director	David Rizk
Finance Director	Debra Auker
Fire Chief	Craig Bueno
Human Resources Director	Fran Robustelli
Library Director	Sean Reinhart
Maintenance Services Director	Matt McGrath
Police Chief	Ron Ace
Public Works Director	Robert Bauman
Technology Services Director	Clancy Priest

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hayward  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# CITY OF HAYWARD

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**FINANCIAL**

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**An Independent CPA Firm**

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City Council  
City of Hayward, California

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Hayward. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Hayward for the year ended June 30, 2009, and in our report dated December 21, 2009, and we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Hayward, California and the respective budgetary comparison information for the General Fund of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it.

City Council  
City of Hayward  
Hayward, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hayward's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
December 3, 2010

# CITY OF HAYWARD

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## Management Discussion and Analysis

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## **CITY OF HAYWARD, CALIFORNIA**

### **Management's Discussion and Analysis**

As management of the City of Hayward (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found on pages i through ix in the Introductory section of this Report. All data presented in this analysis is expressed in millions.

#### **Financial Highlights**

- At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by \$531.8 million (*net assets*). Of this amount, \$210.7 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by the various funding sources.
- The City's total *net assets* increased by \$16.6 million during the current fiscal year. Governmental activities, including the General Fund and Redevelopment Agency, increased by \$12.6 million due to street infrastructure assets, while business-type activities such as Sewer, Water, and Airport Funds, increased by \$4 million.
- As of June 30, 2010, the City's governmental funds reported combined fund balances of \$84 million, a decrease of \$8.8 million from the prior year. Of this amount, \$61.7 million or approximately 73% of total fund balances are designated for specific purposes consistent with Council policies.
- At the end of fiscal year 2010, total fund balance for the General Fund was \$36.8 million, of which \$9.4 million was reserved and the remainder was designated for specific purposes by the City Council. The fund balance designated by City Council for contingencies of \$10.8 million represents 10.1% of total General Fund expenditures.
- As of June 30, 2010, the City's proprietary funds (Sewer, Water, and Airport) reported combined fund balances of \$244.5 million, an increase of \$4 million from the previous year. Of this amount, \$136.1 million or approximately 56% of total fund balances are unrestricted fund balances, designated for specific enterprise purposes.

#### **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary budget vs. actual information and other statistical supplementary information.

**Government-wide Financial Statements.** (pages 16-17) The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate

Redevelopment Agency of the City of Hayward. The Redevelopment Agency functions as an integral part of the *primary government* and has been included in these financial statements.

The *statement of net assets* (see Table 1 below on page 6) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* (see Table 2 below on page 7) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow impacts in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include: general government; public safety; public works and transportation; library and community services; redevelopment; planning and building; maintenance services; and interest on long-term debt. The business-type activities of the City include: sewer and water services; stormwater runoff management; Hayward Executive Airport; and Centennial Hall; which closed during this fiscal year.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

**Governmental Funds.** (pages 18-24) Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The City maintains twenty-nine individual government funds for financial reporting. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the

General Fund, Redevelopment Agency Capital Project Fund, Route 238 Settlement Fund, and Route 238 Corridor Improvement Project Fund which are considered to be major funds. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this Report. *Combining statements* present and summarize all the details of the non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for all governmental funds with annually adopted budgets. The budget comparison statement for the General Fund is located in the basic financial statements on page 23 of this Report. All other major and non-major funds with legally adopted annual budgets are located in the supplementary information section.

***Proprietary Funds.*** (pages 25-29) The City maintains two different types of *proprietary funds*, the Enterprise Funds and the Internal Service Funds. The *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, stormwater runoff, airport, and Centennial Hall operations. The *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Workers Compensation, General Liability, Fleet Management, Facilities, Technology Services, and Employee Benefits Funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the *government-wide financial statements*, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Airport Funds which are considered to be major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the *Internal Service Funds* section of this Report.

***Fiduciary Funds.*** (page 30) Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

**Notes to the Basic Financial Statements.** (pages 33-79) The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, supplementary information on major and non-major governmental funds and internal service funds are presented in this report. Combining and individual fund statements and schedules can be found beginning on page 87 of this Report.

## Government-wide Financial Analysis

The *statement of net assets* and the *statement of activities* of the City's governmental activities and business-type activities are presented below in Table 1 and 2.

**Statement of Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$531.8 million at the close of the current fiscal year.

The largest portion of the City's net assets, \$284 million or 53%, reflects its investment in capital assets (e.g. land, buildings, street infrastructure, sewer and water pipelines, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1 - City of Hayward Statement of Net Assets**  
(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$153.4	\$157.2	\$143.4	\$145.4	\$296.8	\$302.6
Capital assets	255.2	238.8	178.8	176.0	434.0	414.8
Total assets	408.6	396.0	322.2	321.4	730.8	717.4
Liabilities:						
Long term liabilities outstanding	106.2	106.7	71.5	75.8	177.7	182.5
Other liabilities	15.1	14.6	6.2	5.1	21.3	19.7
Total liabilities	121.3	121.3	80.9	80.9	199.0	202.2
Net assets:						
Invested in capital assets, net of debt	175.6	144.5	108.4	101.0	284.0	245.5
Restricted	37.1	35.2			37.1	35.2
Unrestricted	74.6	95.0	136.1	139.5	210.7	234.5
Total net assets	\$287.3	\$274.7	\$244.5	\$240.5	\$531.8	\$515.2

Another portion of the City net assets, \$37.1 million or 7%, represent resources that are subject to external restrictions on how they may be used. Almost all of these restricted net assets are related to restrictions on the City's special revenue and capital projects funds. The remaining balance of unrestricted net assets, \$210.7 million or 40%, may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by the various funding sources.



**Statement of Activities.** The Statement of Activities provides information about all the City's revenues and all its expenses, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

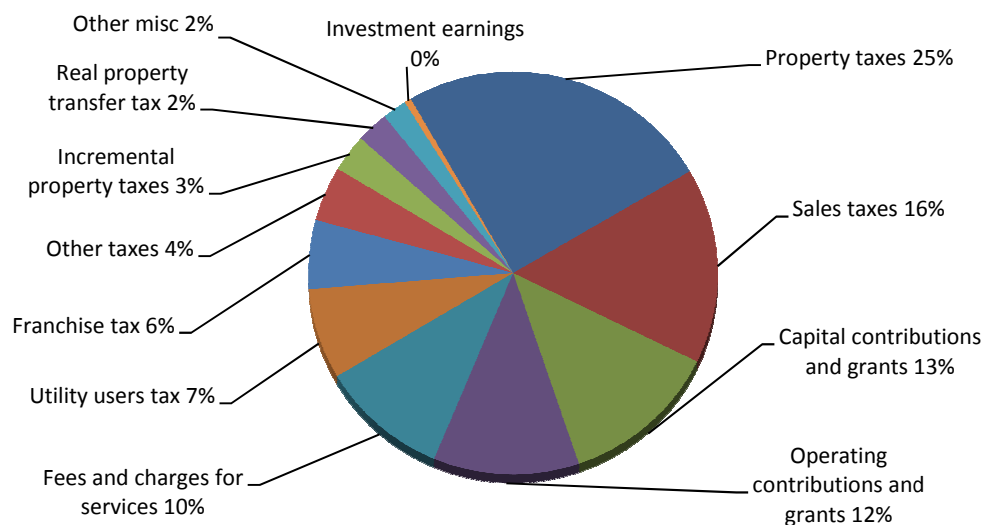
**Table 2 - City of Hayward Statement of Activities and Change in Net Assets**  
(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$15.2	\$16.0	\$51.0	\$54.0	\$66.2	\$70.0
Operating contributions and grants	17.2	14.3	1.6		18.8	14.3
Capital contributions and grants	18.8	22.6	2.6	0.1	21.4	22.7
General revenues:						
Property taxes	37.3	40.7			37.3	40.7
Incremental property taxes	4.5	10.7			4.5	10.7
Sales taxes	23.5	25.6			23.5	25.6
Utility users tax	10.9				10.9	
Real property transfer tax	3.8	3.9			3.8	3.9
Franchise tax	8.3	5.8			8.3	5.8
Other taxes	6.1	9.3			6.1	9.3
Motor vehicle in lieu	0.5	0.5			0.5	0.5
Investment earnings	0.8	2.1	1.7	3.7	2.5	5.8
Gain on sale of assets		2.4				2.4
Miscellaneous	2.9	2.2	0.9	0.7	3.8	2.9
Total Revenues	149.8	156.1	57.8	58.5	207.6	214.6
Expenses by activities:						
General government	12.5	12.8			12.5	12.8
Public safety	91.9	89.4			91.9	89.4
Public works and transportation	6.6	5.1			6.6	5.1
Library and community services	8.9	9.4			8.9	9.4
Redevelopment	4.4	2.8			4.4	2.8
Planning and building	5.9	6.4			5.9	6.4
Maintenance services	4.6	3.9			4.6	3.9
Interest on long term debt	4.1	4.2			4.1	4.2
Sewer			18.3	15.8	18.3	15.8
Water			28.3	27.6	28.3	27.6
Airport			3.0	3.5	3.0	3.5
Stormwater			2.2	1.9	2.2	1.9
Centennial Hall			0.3	0.8	0.3	0.8
Total expenses	138.9	134.0	52.1	49.6	191.0	183.6
Increase (decrease) in net assets before transfers	10.9	22.1	5.7	8.9	16.6	31.0
Transfers	1.7	3.3	(1.7)	(3.3)		
Increase (decrease) in net assets	12.6	25.4	4.0	5.6	16.6	31.0
Net assets – July 1	274.7	249.3	240.5	234.9	515.2	484.2
Net assets – June 30	\$287.3	\$274.7	\$244.5	\$240.5	\$531.8	\$515.2

The City's governmental activities net assets increased by \$12.6 million. The fiscal year 2010 governmental revenue decreased by \$6.3 million to \$149.8 million. This decrease can be attributed to the effects the economic recession has had on major revenues, including property tax, sales tax, and interest income, offset by the new utility users tax. The governmental expenses increased by \$4.9 million to \$138.9 million, of which the increase is mostly attributed to the \$4.4 million Supplemental Education Relief Augmentation Fund (SERAF) paid to the State.

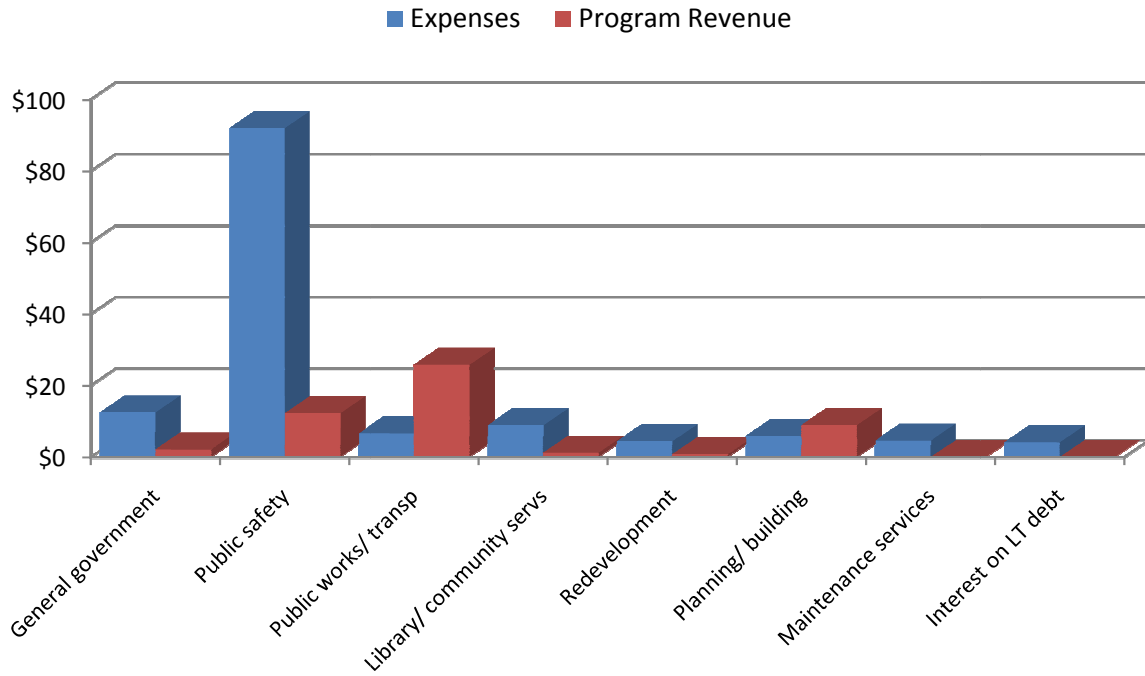
The City's business-type activities net assets increased by \$4 million. The business-type revenue decreased by \$.07 million to \$57.8 million. This is due to the closure of Centennial Hall in November 2009, reduced water consumption, significant declines in investment income, offset by increases to water rates. The business-type expenses increased by \$2.5 million to \$52.1 million, which reflects increased operating expenses and a \$1.6 million loss on the disposal of sewer assets due to the transition to a new Water Pollution Control Facility.

### Revenues by Source – Governmental Activities



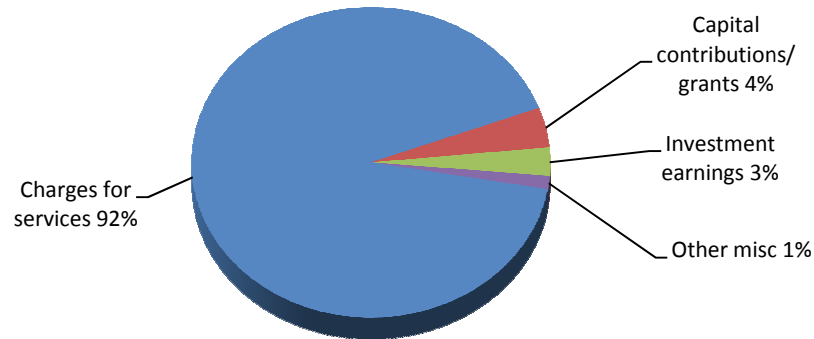
The above *Revenues by Source* chart shows that the largest source of fiscal year 2010 governmental revenues is the 25% generated from property taxes, while other top revenues sources include: 16% from sales taxes; 13% from capital contributions and grants; 12% from operating contributions and grants; 10% from fees and charges for services; 7% from utility users tax, 6% from franchise taxes, and 4% from other taxes such as business, excise, and transient occupancy taxes. The remaining 7% came from a variety of sources as shown above.

## Expenses and Program Revenues – Governmental Activities (expressed in millions)



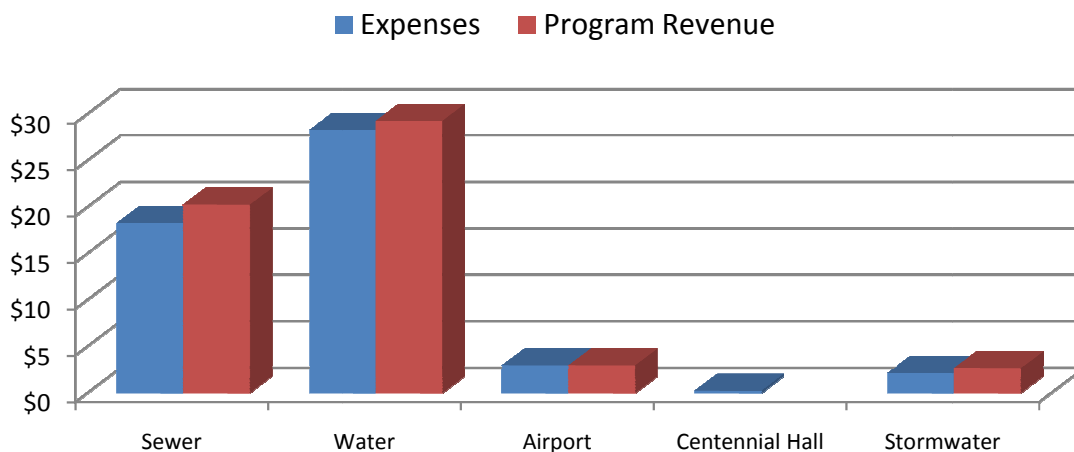
The above *Expenses and Program Revenue* chart illustrates the City's governmental expenses by major activity and the related program revenue generated to support that activity. Program revenue includes charges for services such as traffic safety fines, licenses, permits, plan check fees, building inspection and other construction related fees. Contributions and grants include amounts contributed by developers and grants from state and federal government which the majority is public works capital grants. As the chart shows, public safety (66%) is the largest activity in expense, followed by general government (9%). General government expenses include city council, city manager's office, city attorney, city clerk, human resources and finance. The remaining activities are library and community services (7%), public works and transportation (5%), planning and building (4%), maintenance services (3%), interest on long-term debt (3%), and redevelopment (3%).

## Revenues by Source – Business-type Activities



The net assets of business-type activities were \$244.5 million at June 30, 2010, an increase of \$4 million over last fiscal year. The increase in business-type assets is attributed to a \$2.2 million developer contribution of sewer and water lines constructed in the Mt. Eden annexation area and a \$1.7 million reduction in transfers out to other funds. Program revenues totaled \$52.8 million while program expenditures totaled \$52.1 million. Investment earnings totaled \$1.7 million. As the *Revenues by Source* chart indicates, charges for utility services account for 92% of the revenue for the City's enterprise funds.

## Expenses and Program Revenues – Business-type Activities (expressed in millions)



As the *Expenses and Program Revenues* chart above shows, the Sewer and Water Funds include both operations and capital improvements. These funds were able to increase their reserve balances with program revenues exceeding expenses by \$2.4 million and \$1.1 million respectively. Airport experienced an increase in net assets of \$103,000 due to a reduction in operating expenses over the year before. Stormwater Funds increased \$424,000 and Centennial Hall closed down during fiscal year 2010.

## Financial Analysis of the Government's Funds

**Governmental Funds.** The focus of the City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$84 million, a decrease of \$8.8 million in comparison with the prior year. Approximately, 73% of fund balances or \$61.7 million represent *unreserved fund balances*; which is available for spending at the government's discretion. However, of the \$61.7 million in unreserved fund balances, 82% or \$50.9 million is allocated for certain General Fund designations, special revenue programs, capital projects, and debt service that must be spent according to the terms of various bond issues. The remainder of the fund balance is *reserved* to indicate that it is not available for spending because of capital project deposits and encumbrance commitments totaling \$0.5 million another \$12.7 million reserved for land held for resale and a \$9.1 million advance due from the Redevelopment Agency that is long term in nature and thus does not represent available spendable resources.

**General Fund.** As the principal operating fund of the City, the General Fund, by definition, is a major governmental fund. The General Fund accounted for 75% of the total governmental revenues and 72% of the total expenditures. A number of City services are accounted for in the General Fund, including public safety, general government, public works and transportation, etc.

At the end of fiscal year 2010, the unreserved fund balance of the General Fund was \$27.4 million, while the total fund balance was \$36.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance, and total fund balance to total fund expenditures. The unreserved fund balance represents 26% of total General Fund expenditures of \$106.9 million, while total fund balance represents 34% of that same amount. Although the total unreserved fund balance is in compliance with the City's reserve policy, which calls for 15% of operating expenditures to be set aside for economic uncertainty and liquidity, the unreserved fund balance has been designated for the following purposes: \$9.3 million for economic uncertainty, \$4.7 million for liquidity, \$1 million for hotel/conference center, \$0.5 million for retirements, \$1 million for public safety and \$10.8 million for contingencies. The total economic uncertainty and liquidity balances total \$14 million which is only 13% of total General Fund expenditures, 2% less than Council policy.

At the end of fiscal year 2010, fund balance in the General Fund increased by \$4.2 million. The change in fund balance is due primarily to \$2.9 million net operating savings resulting from better than expected revenues combined with operational expenditure reductions and \$7.1 million in one time transfers from the Route 238 Housing Fund and Gas Tax Fund. This is offset by \$5.8 million in one time transfers out to fund the City's Enterprise Resource Planning (ERP) system, public safety capital, retiree medical payments, and risk management reserves.

**General Fund Budgetary Highlights.** The fiscal year 2010 original adopted budget for General Fund expenditures amounted to \$113.4 million, including \$7.1 million in transfers out. The final budget amount of \$120.6 million, including \$11.1 million in transfers out, reflects an overall budget increase of \$7.2 million. Differences between the original adopted and the final budget can be briefly summarized as follows:

- \$2.3 million increase for Police grants, including: \$1.3 million in American Recovery Reinvestment Act stimulus funds; \$400,000 Gang Reduction Intervention grant; \$205,000 Sobriety Checkpoint grant; and \$400,000 in Fire and Police carryover purchase order encumbrances from the previous year.
- \$421,000 increase for Library and Community Services social services related grants.
- \$206,000 increase in Planning and Building for consulting services, including Housing Element and Mt. Eden Phase II.
- \$300,000 reserved through purchase orders carried forward from prior year as additional appropriations mainly in the category of services.
- \$4 million in additional transfers out, including \$2.5 million for ERP system, \$1 million for general risk liability reserve, and \$0.5 million for various equipment replacement reserves.

Actual General Fund expenditures were below the final fiscal year 2010 budget by \$2.6 million. The primary reason can be attributed to careful management of overtime in the Police and Fire departments and savings in the area of supplies and services in all other general government departments.

Actual General Fund revenues exceeded final budget estimates by \$5.8 million primarily due to the following: (1) sales taxes showed improvement in the last quarter of \$1.4 million over mid-year estimates; (2) charges for services were higher than expected by \$1.6 million due to higher volume in construction related fees and fire permits; (3) utility users tax revenue was \$900,000 greater than forecast; and (4) \$600,000 of revenue recognized for planning projects completed in prior years.

**Other Major Governmental funds.** In addition to the General Fund, there are three other governmental funds considered to be major due to significant balances or activities in the current year and warrant a separate discussion in the management discussion and analysis. Those funds are Redevelopment Agency Capital Projects, Route 238 Settlement, and Route 238 Corridor Improvement Project Funds.

The Redevelopment Agency Capital Projects Fund accounts for property tax increment revenues used for capital projects and loans connected with downtown redevelopment and all project areas. During fiscal year 2010, the Agency initiated and continued work in the following activities:

- Provided tenant improvement loans under the Retail Attraction Program to property owners and businesses to accomplish façade improvements.
- Provided funding for an Electrical Transformer Project to improve electrical infrastructure available to buildings, thereby enabling the leasing of chronically vacant or underserved downtown buildings.

- Continued work with the Cinema Place entertainment developer in the heart of downtown to promote leasing at the complex.
- Entered in negotiations for development of 3.9 acre residual property transferred to the Agency as partial reimbursement for Burbank School construction costs.
- Provided funding for South Hayward Bart/ Mission Boulevard Form-Based Code Project; which calls for zoning regulations, subdivision and design standards in connection with major housing and retail development, BART replacement parking, and circulation improvements.
- Provided funding for Mission Boulevard Corridor Specific Plan to promote pedestrian-friendly urban design and revitalization strategy to address distressed commercial properties, particularly older, auto-oriented uses.
- Approved affordable housing loan to Eden Housing to purchase and rehabilitate Tennyson Gardens, a financially troubled 96 unit affordable housing development.

The Agency's tax increment revenues totaled \$10.2 million for fiscal year 2010, compared with \$12.6 million for fiscal year 2009, which reflects a decline in tax increment of 20%. This decline is consistent with overall reduction in property assessed values combined with closure of several major auto dealerships and related properties on Mission Boulevard. Other Agency revenues totaled \$1.1 million, of which the majority were reimbursements for the Burbank School and Cannery Park projects. Agency expenditures totaled \$11.7, million which included \$1.3 million in pass-through payments to other local agencies, and a \$4.4 million payment to the State for the Supplemental Educational Relief Augmentation Fund (SERAF). The other remaining expenditures of \$6 million included: \$3 million of program-related services and expenditures; \$2 million in affordable housing and first-time homebuyer loans; and \$1 million in salary, administration, and overhead charges. Transfers out totaled \$5.9 million, which included bond payments of \$4 million and \$1 million to fund the Route 238 Home Purchase Opportunity Program. The ending fund balance for the Agency is \$12 million, of which \$10.3 million is *reserved* as land held for resale. This leaves unreserved fund balance at \$1.7 million. This ending fund balance also assumes full liability of the advance from the City, Sewer, and Water Funds which are \$11 million at June 30, 2010.

The Route 238 Settlement Fund accounts for lump sum stipends for relocation, home ownership assistance, and program administration in connection with the Route 238 Corridor Settlement Agreement approved in October 2009. Transfers to the fund include \$5 million from the Route 238 Housing fund and \$1 million from the Redevelopment Agency for Home Purchase Opportunity Program. The ending fund balance is \$6 million.

The Route 238 Corridor Improvements Project Fund accounts for various roadway improvements along Foothill and Mission Boulevard between the northern city limits and Industrial Parkway including a downtown one-way loop system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements. During fiscal year YEAR 2010, the City received \$8.7 million in grant funding from the Alameda County Transportation Improvement Agency as reimbursement for \$8.1 million in fiscal year 2010 and \$600,000 in prior year design and right-of-way acquisition costs. Construction began in August 2010 and completion is expected in December 2012. The ending fund balance is \$3.4 million, of which \$2.4 million is *reserved* for land held for resale.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of fiscal year 2010, the unrestricted net assets of the Sewer, Water, and Airport Funds amounted to \$69.7, \$52.9, and \$11.4 million, respectively. Sewer net assets increased \$2.4 million; Water net assets increased \$1.1 million; and Airport net assets grew by \$104,000. While Sewer and Water net assets increased, the overall increase is due in part to a \$2.2 million developer contribution of water pipeline work from the Mt. Eden annexation area. Due to water conservation, a down economy and a long rainy season, revenues from charges for services actually went down by 2% over the prior year despite a 14% increase in sewer and water rates that went into effect October 2009.

Wholesale water rate increases of 15% from the San Francisco Public Utilities Commission (SFPUC) have increased expenditures to the Water and Sewer Funds. The major factor for the increases is implementation of the Water System Improvement Program (WSIP). The WSIP is a series of projects to rebuild and retrofit the aging regional water system in order to improve water supply reliability, seismic safety, and to ensure that water quality standards will continue to be met. Two thirds of the cost of fixing the regional system will be borne by wholesale customers of SFPUC water, including Hayward. The remaining one-third will be paid by retail customers within San Francisco. As a result of continued increases in water purchases, a second 14% rate increase to Hayward customers was implemented in October 2010.

The Airport Fund increased net assets by \$104,000 over last year due to a decrease in operating expenses. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** As of June 30, 2010, the City's investments in capital assets for its governmental and business-type activities are \$434 million (net of accumulated depreciation) as presented below in Table 3. The investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles, and street infrastructure such as roads, bridges, street lights, traffic signals, airport hangers, sewer, and water pipelines. The City's investment in capital assets for the current fiscal year increased by 5%, which is attributed mostly to the Route 238 Corridor Improvements Project and completion of the Water Pollution Control Facility Project.

**Table 3 - City of Hayward Capital Assets**

*(Net of depreciation / amounts expressed in millions)*

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$14.3	\$14.3	\$5.1	\$5.1	\$19.4	\$19.4
Construction in progress	34.5	26.4	9.4	62.2	43.9	88.6
Buildings	44.4	45.7	7.9	8.2	52.3	53.9
Improvements other than buildings	5.3	5.7			5.3	5.7
Machinery and equipment	12.1	13.1	10.1	10.2	22.2	23.3
Street infrastructure	144.6	133.5			144.6	133.5
Sewer infrastructure			94.2	38.7	94.2	38.7
Water infrastructure			37.8	37.5	37.8	37.5
Airport infrastructure			14.3	14.1	14.3	14.1
Total	<u>\$255.2</u>	<u>\$238.7</u>	<u>\$178.8</u>	<u>\$176.0</u>	<u>\$434.0</u>	<u>\$414.7</u>



Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

**Debt Administration.** At the end of fiscal year 2010, the City had total bonded debt outstanding of \$155.6 million as presented on the next page in Table 4. Of this amount, \$29 million represents certificates of participation debt for Civic Center Project (City Hall); \$16.2 million represents certificates of participation for sewer and water system improvements; \$3.9 million represents lease revenue bonds for capital improvements; \$3.1 million represents capital leases for Boys & Girls Club, fleet vehicles, computer, and telephone equipment; \$51.6 million represents tax allocation bonds for redevelopment projects; and \$51.8 million represents State Water Board financing for a water pollution control facility. There was one addition to the City's debt; a \$42,000 increase in financing from the State Water Board for capital projects. Deductions to long-term debt include payments of \$6.6 million.

**Table 4 - City of Hayward Outstanding Debt**

	<i>(Amounts expressed in millions)</i>					
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Certificates of Participation	\$29.0	\$30.4	\$16.2	\$17.6	\$45.2	\$48.0
Lease Revenue Bonds	1.4	1.8	2.5	3.0	3.9	4.8
Capital Lease Obligations	3.1	4.5			3.1	4.5
Tax Allocation Bonds	51.6	52.9			51.6	52.9
State Water Board Loan			51.8	54.5	51.8	54.5
Total Long-Term Debt	<u>\$85.1</u>	<u>\$89.6</u>	<u>\$70.5</u>	<u>\$75.0</u>	<u>\$155.6</u>	<u>\$164.7</u>

Local Improvement Districts (LIDS) in different parts of the City and a Community Facilities District #1 (Eden Shores) have also issued debt to finance infrastructure and facilities construction in their respective districts. As described in Note 17 to the financial statements, the City has sponsored special assessment debt issues, but has no legal liability for repayment. Therefore, these are not included in the City's governmental debt. As of June 30, 2010, a total of \$11.5 million in special assessment district debt was outstanding by four special assessment districts. (Further detail regarding the City debt can be found in Note 8 to the financial statements.)

## **Economic Outlook and Major Initiatives**

The economy of the City and major initiatives for the coming year are discussed in detail in the Transmittal Letter located in the Introductory Section of the CAFR.

## **Contacting the City's Financial Management**

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Additional financial information is available on our website at: [www.hayward-ca.gov](http://www.hayward-ca.gov). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Hayward Finance Department, 777 B Street, Hayward, California 94541-5007.

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# CITY OF HAYWARD

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## Basic Financial Statements

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## **CITY OF HAYWARD, CALIFORNIA**

### **STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of the entire City's Governmental Activities in a single column, and the financial position of the entire City's Business-Type Activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared using the full accrual basis of accounting, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Hayward, the Hayward Public Financing Authority, the Hayward Business Improvement District and the Hayward Housing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for activities.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

CITY OF HAYWARD  
Statement of Net Assets  
June 30, 2010  
(with comparative information for the prior year)

	Governmental	Business-Type	Totals	
	Activities	Activities	2010	2009
<b>ASSETS:</b>				
Cash and investments (note 2)	\$ 77,070,389	106,578,278	183,648,667	191,299,535
Cash and investments with fiscal agent (note 2)	5,431,447	1,974,467	7,405,914	7,679,952
Accounts receivable, net	4,235,252	9,019,049	13,254,301	10,651,849
Interest receivable	123,363	271,040	394,403	845,960
Due from other governments	5,696,638	52,523	5,749,161	8,493,629
Interfund balances	(5,090,069)	5,090,069	-	-
Inventory	18,946	580,741	599,687	613,735
Deposits	180,643	-	180,643	1,523,480
Loans receivable (note 3)	52,646,097	-	52,646,097	50,238,654
Land held for resale (note 1)	12,672,570	-	12,672,570	10,272,570
Prepaid items	362,576	7,255,880	7,618,456	8,031,997
Other assets	-	646,586	646,586	1,045,129
Investment in East Bay Dischargers Authority (note 15)	-	11,924,918	11,924,918	12,059,915
Capital assets (note 5):				
Land	14,320,040	5,130,240	19,450,280	19,450,280
Construction in progress	34,542,413	9,409,500	43,951,913	88,660,744
Capital assets being depreciated, net	<u>206,432,562</u>	<u>164,291,850</u>	<u>370,724,412</u>	<u>306,633,992</u>
Total assets	<u>408,642,867</u>	<u>322,225,141</u>	<u>730,868,008</u>	<u>717,501,421</u>
<b>LIABILITIES:</b>				
Accounts payable	4,279,599	3,617,119	7,896,718	8,425,804
Accrued interest	1,394,600	770,821	2,165,421	2,320,355
Accrued liabilities	4,705,265	929,377	5,634,642	5,492,096
Refundable deposits	4,454,417	616,482	5,070,899	2,984,629
Unearned revenue	326,875	199,297	526,172	261,833
Accrued reclamation costs (note 10)	-	67,261	67,261	152,557
Long-term liabilities (note 6):				
Due within one year	8,770,977	5,315,913	14,086,890	14,973,983
Due in more than one year	<u>97,423,575</u>	<u>66,203,827</u>	<u>163,627,402</u>	<u>167,613,948</u>
Total liabilities	<u>121,355,308</u>	<u>77,720,097</u>	<u>199,075,405</u>	<u>202,225,205</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	175,603,110	108,371,577	283,974,687	245,485,712
Restricted for:				
Public safety	177,535	-	177,535	54,410
Public works and transportation	3,432,087	-	3,432,087	3,310,100
Planning and building	5,652,422	-	5,652,422	4,174,582
Redevelopment	27,816,903	-	27,816,903	27,673,539
Unrestricted	<u>74,605,502</u>	<u>136,133,467</u>	<u>210,738,969</u>	<u>234,577,873</u>
Total net assets	<u>\$ 287,287,559</u>	<u>244,505,044</u>	<u>531,792,603</u>	<u>515,276,216</u>

See accompanying notes to basic financial statements

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CITY OF HAYWARD  
Statement of Activities  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
GOVERNMENTAL ACTIVITIES:				
General government	\$ 12,526,820	190,261	1,930,653	-
Public safety	91,936,447	9,128,483	3,113,666	107,472
Public works and transportation	6,614,756	555,541	6,734,340	18,468,838
Library and community services	8,873,963	98,968	1,094,565	-
Redevelopment	4,337,389	79,484	484,205	241,744
Planning and building	5,930,519	5,074,620	3,839,098	-
Maintenance services	4,612,144	37,098	-	692
Interest on long term debt	4,073,192	-	-	-
Total governmental activities	138,905,230	15,164,455	17,196,527	18,818,746
BUSINESS-TYPE ACTIVITIES:				
Sewer	18,276,551	19,186,749	-	1,116,676
Water	28,336,545	28,143,863	-	1,116,676
Airport	3,008,282	2,783,068	-	178,167
Centennial Hall maintenance and operation	313,299	42,954	-	-
Stormwater	2,227,090	2,700,531	-	-
Total business-type activities	52,161,767	52,857,165	-	2,411,519
Total	\$ 191,066,997	68,021,620	17,196,527	21,230,265

**GENERAL REVENUES:**

Taxes:  
Property taxes  
Incremental property taxes  
Sales taxes  
Utility users tax  
Real property transfer tax  
Franchise tax  
Business tax  
Excise tax  
Other taxes  
Motor vehicle in lieu, unrestricted  
Investment earnings  
Gain on sale of assets  
Miscellaneous revenues

**TRANSFERS**

Total general revenues and transfers  
Change in net assets  
Net assets at beginning of year  
Net assets at end of year

See accompanying notes to basic financial statements



Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals	
		2010	2009
(10,405,906)	-	(10,405,906)	(12,305,034)
(79,586,826)	-	(79,586,826)	(78,932,787)
19,143,963	-	19,143,963	25,000,903
(7,680,430)	-	(7,680,430)	(8,151,661)
(3,531,956)	-	(3,531,956)	(2,647,939)
2,983,199	-	2,983,199	3,838,230
(4,574,354)	-	(4,574,354)	(3,825,340)
(4,073,192)	-	(4,073,192)	(4,175,089)
<u>(87,725,502)</u>	<u>-</u>	<u>(87,725,502)</u>	<u>(81,198,717)</u>
-	2,026,874	2,026,874	3,078,103
-	923,994	923,994	1,644,098
-	(47,047)	(47,047)	(558,786)
-	(270,345)	(270,345)	(493,640)
-	473,441	473,441	883,625
<u>-</u>	<u>3,106,917</u>	<u>3,106,917</u>	<u>4,553,400</u>
<u>(87,725,502)</u>	<u>3,106,917</u>	<u>(84,618,585)</u>	<u>(76,645,317)</u>
37,292,466	-	37,292,466	40,699,344
4,520,035	-	4,520,035	10,657,184
23,508,544	-	23,508,544	25,630,173
10,927,290	-	10,927,290	-
3,796,719	-	3,796,719	3,852,507
8,316,848	-	8,316,848	5,831,272
2,337,106	-	2,337,106	2,502,991
1,857,223	-	1,857,223	1,858,267
1,938,591	-	1,938,591	4,958,591
457,126	-	457,126	522,508
819,649	1,694,085	2,513,734	5,852,989
-	-	-	2,362,950
2,834,841	834,449	3,669,290	2,975,697
1,673,064	(1,673,064)	-	-
<u>100,279,502</u>	<u>855,470</u>	<u>101,134,972</u>	<u>107,704,473</u>
12,554,000	3,962,387	16,516,387	31,059,156
274,733,559	240,542,657	515,276,216	484,217,060
<u>\$ 287,287,559</u>	<u>244,505,044</u>	<u>531,792,603</u>	<u>515,276,216</u>

See accompanying notes to basic financial statements

## **CITY OF HAYWARD, CALIFORNIA**

### **FUND FINANCIAL STATEMENTS**

The Fund financial statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

### **MAJOR GOVERNMENTAL FUNDS**

The funds described below were determined to be Major Funds by the City in fiscal year 2010. Individual non-major funds are reported in the Supplemental Section.

*General Fund* is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

*Redevelopment Agency Capital Projects Fund* - Accounts for property tax increment revenues used for capital projects connected with redevelopment.

*Route 238 Settlement Fund* - Accounts for lump sum stipends, home ownership assistance, and program administration in connection with the Route 238 Corridor Settlement Agreement.

*Route 238 Corridor Improvement Fund* - Accounts for various roadway improvements along Foothill and Mission Boulevard between northern city limits and Industrial Parkway including a downtown one-way loop street system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

CITY OF HAYWARD  
Governmental Funds  
Balance Sheet  
June 30, 2010  
(with comparative information for the prior year)

	Capital Projects						
		Redevelopment	Route 238	Route 238	Other	<u>Total Governmental Funds</u>	
	General	Agency	Settlement	Corridor Improvement	Governmental Funds	2010	2009
ASSETS:							
Cash and investments	\$ 27,226,684	14,955,095	5,968,859	1,828,470	20,640,306	70,619,414	79,404,870
Cash and investments with fiscal agent	53,861	541,833	-	-	4,171,034	4,766,728	4,821,503
Accounts receivable, net	3,755,534	330,419	-	-	83,570	4,169,523	2,008,312
Due from other governments	3,349,271	-	-	-	2,347,367	5,696,638	8,037,247
Due from other funds (note 4)	70,230	-	-	-	-	70,230	238,155
Loans receivable (note 3)	-	41,260,914	-	-	11,385,183	52,646,097	50,238,654
Interest receivable	-	42,952	10,170	1,952	52,494	107,568	337,166
Advances to other funds (note 4)	9,144,570	-	-	-	-	9,144,570	9,841,289
Inventory	18,946	-	-	-	-	18,946	11,789
Deposits	-	-	-	180,575	68	180,643	1,523,480
Land held for resale (note 1)	-	10,272,570	-	2,400,000	-	12,672,570	10,272,570
Prepaid items	14,893	-	-	-	-	14,893	962
Total assets	<u>\$ 43,633,989</u>	<u>67,403,783</u>	<u>5,979,029</u>	<u>4,410,997</u>	<u>38,680,022</u>	<u>160,107,820</u>	<u>166,735,997</u>
LIABILITIES:							
Accounts payable	\$ 1,446,464	549,608	14,594	391,720	813,881	3,216,267	4,658,924
Accrued liabilities	2,331,542	1,613,122	-	639,592	22,635	4,606,891	5,197,208
Due to other funds (note 4)	-	-	-	-	57,206	57,206	4,189
Advances from other funds (note 4)	-	11,017,522	-	-	-	11,017,522	11,636,985
Deferred revenue	79,121	41,260,914	-	-	11,385,183	52,725,218	50,041,521
Refundable deposits	2,975,083	919,833	-	-	559,501	4,454,417	2,392,873
Total liabilities	<u>6,832,210</u>	<u>55,360,999</u>	<u>14,594</u>	<u>1,031,312</u>	<u>12,838,406</u>	<u>76,077,521</u>	<u>73,931,700</u>
FUND BALANCES:							
Reserved for:							
Encumbrances	256,170	-	-	-	-	256,170	8,534,523
Advances to other funds	9,144,570	-	-	-	-	9,144,570	9,841,289
Inventory	18,946	-	-	-	-	18,946	11,789
Land held for resale	-	10,272,570	-	2,400,000	-	12,672,570	10,272,570
Prepaid items and deposits	14,893	-	-	180,575	-	195,468	1,524,442
Unreserved, reported in:							
General fund	27,367,200	-	-	-	-	27,367,200	21,758,830
Special revenue funds	-	-	-	-	16,022,583	16,022,583	15,211,686
Debt service funds	-	-	-	-	4,171,034	4,171,034	4,206,222
Capital projects funds	-	1,770,214	5,964,435	799,110	5,647,999	14,181,758	21,442,946
Total fund balances	<u>36,801,779</u>	<u>12,042,784</u>	<u>5,964,435</u>	<u>3,379,685</u>	<u>25,841,616</u>	<u>84,030,299</u>	<u>92,804,297</u>
Total liabilities and fund balance	<u>\$ 43,633,989</u>	<u>67,403,783</u>	<u>5,979,029</u>	<u>4,410,997</u>	<u>38,680,022</u>	<u>160,107,820</u>	<u>166,735,997</u>

See accompanying notes to basic financial statements



CITY OF HAYWARD  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Capital Projects					Total Governmental Funds	
	General	Redevelopment Agency	Route 238 Settlement	Route 238 Corridor Improvements	Other Governmental Funds	2010	2009
<b>REVENUES:</b>							
Property taxes	\$ 37,292,466	10,180,653	-	-	-	47,473,119	53,329,557
Sales tax	23,508,544	-	-	-	-	23,508,544	28,732,035
Utility users tax	10,927,290	-	-	-	-	10,927,290	-
Other taxes	18,380,837	-	-	-	2,616,154	20,996,991	19,029,428
Licenses and permits	3,036,424	-	-	-	48,540	3,084,964	3,035,266
Fines and forfeitures	1,972,880	-	-	-	69,580	2,042,460	1,656,307
Special assessments	-	-	-	-	610,058	610,058	741,098
Investment income	300,430	292,457	31,351	5,241	301,363	930,842	2,634,056
Rental income	26,141	50,000	-	314,590	149,823	540,554	620,419
Intergovernmental	3,954,759	-	-	8,723,101	12,260,725	24,938,585	33,301,071
Fees and charges for services	8,537,799	472	-	27,423	242,192	8,807,886	9,183,443
School District reimbursement	-	484,205	-	-	-	484,205	381,868
Other revenue	1,946,283	251,505	-	-	362,203	2,559,991	2,500,197
Total revenues	<u>109,883,853</u>	<u>11,259,292</u>	<u>31,351</u>	<u>9,070,355</u>	<u>16,660,638</u>	<u>146,905,489</u>	<u>155,144,745</u>
<b>EXPENDITURES:</b>							
Current:							
General government	8,564,302	-	-	-	-	8,564,302	11,710,045
Public safety	81,647,270	-	-	-	403,885	82,051,155	79,553,487
Public works and transportation	2,519,203	-	-	-	3,632,934	6,152,137	9,558,688
Library and community services	4,925,270	-	-	-	3,060,730	7,986,000	7,325,111
Redevelopment	-	5,279,314	-	-	706,769	5,986,083	2,305,007
Planning and building	5,456,790	-	-	-	101,647	5,558,437	6,107,415
Maintenance services	3,766,732	-	-	-	618,141	4,384,873	4,401,281
Capital outlay	-	739,255	66,916	8,099,492	6,806,639	15,712,302	29,560,203
Debt service:							
Principal	-	-	-	-	2,940,621	2,940,621	3,094,025
Interest and fiscal charges	57,080	-	-	-	3,909,415	3,966,495	4,046,129
Pass-through payments	-	5,660,618	-	-	-	5,660,618	1,973,029
Total expenditures	<u>106,936,647</u>	<u>11,679,187</u>	<u>66,916</u>	<u>8,099,492</u>	<u>22,180,781</u>	<u>148,963,023</u>	<u>159,634,420</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>							
	<u>2,947,206</u>	<u>(419,895)</u>	<u>(35,565)</u>	<u>970,863</u>	<u>(5,520,143)</u>	<u>(2,057,534)</u>	<u>(4,489,675)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from sale of capital asset	-	-	-	-	-	-	2,301,320
Transfers in (note 4)	12,422,162	-	6,000,000	-	7,930,229	26,352,391	22,583,520
Transfers out (note 4)	(11,154,397)	(5,930,936)	-	(11,740,689)	(4,242,833)	(33,068,855)	(21,476,956)
Total other financing sources (uses)	<u>1,267,765</u>	<u>(5,930,936)</u>	<u>6,000,000</u>	<u>(11,740,689)</u>	<u>3,687,396</u>	<u>(6,716,464)</u>	<u>3,407,884</u>
NET CHANGE IN FUND BALANCES	4,214,971	(6,350,831)	5,964,435	(10,769,826)	(1,832,747)	(8,773,998)	(1,081,791)
BEGINNING FUND BALANCES	<u>32,586,808</u>	<u>18,393,615</u>	<u>-</u>	<u>14,149,511</u>	<u>27,674,363</u>	<u>92,804,297</u>	<u>93,886,088</u>
ENDING FUND BALANCES	<u>\$ 36,801,779</u>	<u>12,042,784</u>	<u>5,964,435</u>	<u>3,379,685</u>	<u>25,841,616</u>	<u>84,030,299</u>	<u>92,804,297</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD  
Reconciliation of the  
Net Change in Fund Balances - Governmental Funds  
with the  
Statement of Activities  
For the Year Ended June 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS      \$   (8,773,998)

Amounts reported for governmental activities in the Statement of Activities is  
are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlay as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over their  
estimated useful lives as depreciation expense. This is the amount by which  
capital outlays exceeded depreciation in the current period.

Capital outlay	22,294,013
Depreciation expense	(7,591,972)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in  
the Statement of Net Assets, the repayment reduces long-term liabilities.

Repayment of debt principal	2,940,621
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or  
require the use of current financial resources and therefore are not reported as  
revenue or expenditures in governmental funds (net change)

New loans made	2,407,443
Compensated absences	(1,375,749)
Other postemployment benefits	(3,379,665)
Interest payable	66,420

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used by management to charge the costs of certain  
activities, such as equipment acquisition, maintenance, and insurance to individual  
funds. The portion of the net revenue (expense) of these Internal Service Funds  
arising out of their transactions with governmental funds is reported with  
governmental activities because they service those activities

	<u>5,966,887</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 12,554,000</u>
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See accompanying notes to the basic financial statements

CITY OF HAYWARD  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
REVENUES:					
Property taxes	\$ 37,166,702	37,166,702	37,292,466	125,764	40,699,344
Sales taxes	23,991,000	22,069,000	23,508,544	1,439,544	26,341,473
Utility users tax	10,000,000	10,000,000	10,927,290	927,290	-
Other taxes	18,010,500	18,660,500	18,380,837	(279,663)	18,876,252
Licenses and permits	2,984,692	2,620,628	3,036,424	415,796	2,982,952
Fines and forfeitures	1,742,760	1,642,760	1,972,880	330,120	1,627,299
Investment income	200,000	200,000	300,430	100,430	665,445
Use of property	-	-	26,141	26,141	156,567
Intergovernmental	2,514,692	3,453,235	3,954,759	501,524	3,196,885
Fees and charges for services	6,650,320	6,901,999	8,537,799	1,635,800	8,710,190
Other revenue	<u>1,236,672</u>	<u>1,342,517</u>	<u>1,946,283</u>	<u>603,766</u>	<u>1,638,094</u>
Total revenues	<u>104,497,338</u>	<u>104,057,341</u>	<u>109,883,853</u>	<u>5,826,512</u>	<u>104,894,501</u>
EXPENDITURES:					
General government	9,129,040	9,207,229	8,564,302	642,927	11,710,045
Public safety	80,458,673	82,729,930	81,647,270	1,082,660	79,458,243
Public works and transportation	3,003,142	2,906,553	2,519,203	387,350	2,683,627
Library and community services	4,811,564	5,387,125	4,925,270	461,855	4,679,439
Planning and building	5,110,395	5,369,158	5,456,790	(87,632)	6,107,415
Maintenance services	3,825,918	3,928,828	3,766,732	162,096	3,723,200
Debt service:					
Interest and fiscal charges	<u>-</u>	<u>42,000</u>	<u>57,080</u>	<u>(15,080)</u>	<u>13,008</u>
Total expenditures	<u>106,338,732</u>	<u>109,570,823</u>	<u>106,936,647</u>	<u>2,634,176</u>	<u>108,374,977</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,841,394)</u>	<u>(5,513,482)</u>	<u>2,947,206</u>	<u>8,460,688</u>	<u>(3,480,476)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital asset	-	-	-	-	2,301,320
Transfers in	12,324,531	12,298,473	12,422,162	123,689	13,520,309
Transfers out	<u>(7,100,733)</u>	<u>(11,071,733)</u>	<u>(11,154,397)</u>	<u>(82,664)</u>	<u>(6,286,199)</u>
Total other financing sources (uses)	<u>5,223,798</u>	<u>1,226,740</u>	<u>1,267,765</u>	<u>41,025</u>	<u>9,535,430</u>
NET CHANGE IN FUND BALANCE	3,382,404	(4,286,742)	4,214,971	8,501,713	6,054,954
BEGINNING FUND BALANCE	<u>32,586,808</u>	<u>32,586,808</u>	<u>32,586,808</u>	<u>-</u>	<u>26,531,854</u>
ENDING FUND BALANCE	<u>\$ 35,969,212</u>	<u>28,300,066</u>	<u>36,801,779</u>	<u>8,501,713</u>	<u>32,586,808</u>

See accompanying notes to basic financial statements

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## **CITY OF HAYWARD, CALIFORNIA**

### **MAJOR PROPRIETARY FUNDS**

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2010.

*Sewer Fund* – Accounts for activities associated with sewage transmission and treatment.

*Water Fund* – Accounts for activities associated with distribution and transmission of potable water to users.

*Airport Fund* – Accounts for the operation, development and maintenance of the Hayward Executive Airport.

CITY OF HAYWARD  
Proprietary Funds  
Statement of Net Assets  
June 30, 2010  
(with comparative information for the prior year)

	Business-Type Activities-Enterprise Funds			
	Sewer	Water	Airport	Non-major Enterprise Funds
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 44,900,488	45,957,534	13,584,941	2,135,315
Cash and investments with fiscal agent	45,118	1,929,349	-	-
Accounts receivable	3,357,489	5,495,251	86,903	79,406
Interest receivable	113,490	117,145	34,838	5,567
Due from other governments	-	-	32,495	20,028
Inventory	-	580,741	-	-
Prepaid items	7,255,880	-	-	-
Total current assets	<u>55,672,465</u>	<u>54,080,020</u>	<u>13,739,177</u>	<u>2,240,316</u>
Noncurrent assets:				
Other assets	203,704	245,682	197,200	-
Advances to other funds (note 4)	4,062,018	3,241,075	-	-
Investment in East Bay Dischargers Authority (note 15)	11,924,918	-	-	-
Capital assets (note 5):				
Land	1,830,143	2,683,047	244,302	372,748
Construction in progress	3,936,382	4,958,783	514,335	-
Capital assets depreciated, net	<u>103,201,418</u>	<u>45,424,182</u>	<u>15,215,525</u>	<u>450,725</u>
Total noncurrent assets	<u>125,158,583</u>	<u>56,552,769</u>	<u>16,171,362</u>	<u>823,473</u>
Total assets	<u>180,831,048</u>	<u>110,632,789</u>	<u>29,910,539</u>	<u>3,063,789</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	960,425	2,562,588	88,893	5,213
Accrued interest	633,695	137,126	-	-
Accrued liabilities	94,473	791,898	20,881	22,125
Due to other funds (note 4)	-	-	-	13,024
Refundable deposits	-	520,940	95,542	-
Unearned revenue	-	197,200	2,097	-
Long term debt - due within one year (note 6)	<u>3,733,201</u>	<u>955,700</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>5,421,794</u>	<u>5,165,452</u>	<u>207,413</u>	<u>40,362</u>
Noncurrent liabilities:				
Advances from other funds (note 4)	-	-	2,200,000	-
Accrued reclamation costs (note 10)	67,261	-	-	-
Compensated absences (note 6)	388,630	500,935	69,774	100,388
Long-term debt - due in more than one year (note 6)	<u>55,494,117</u>	<u>10,276,995</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>55,950,008</u>	<u>10,777,930</u>	<u>2,269,774</u>	<u>100,388</u>
Total liabilities	<u>61,371,802</u>	<u>15,943,382</u>	<u>2,477,187</u>	<u>140,750</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	49,740,625	41,833,317	15,974,162	823,473
Unrestricted	<u>69,718,621</u>	<u>52,856,090</u>	<u>11,459,190</u>	<u>2,099,566</u>
Total net assets	<u>\$ 119,459,246</u>	<u>94,689,407</u>	<u>27,433,352</u>	<u>2,923,039</u>

See accompanying notes to basic financial statements

Total Business-Type		Governmental Activities- Internal Service Fund	
2010	2009	2010	2009
106,578,278	108,478,311	6,450,975	3,416,354
1,974,467	2,114,062	664,719	744,387
9,019,049	8,518,407	65,730	125,130
271,040	499,586	15,795	9,208
52,523	108,698	-	-
580,741	601,946	-	-
7,255,880	8,031,035	347,683	347,684
<u>125,731,978</u>	<u>128,352,045</u>	<u>7,544,902</u>	<u>4,642,763</u>
646,586	1,045,129	-	-
7,303,093	6,340,696	-	-
11,924,918	12,059,915	-	-
5,130,240	5,130,240	-	-
9,409,500	62,220,640	1,779,348	-
<u>164,291,850</u>	<u>108,630,522</u>	<u>8,755,634</u>	<u>8,705,622</u>
<u>198,706,187</u>	<u>195,427,142</u>	<u>10,534,982</u>	<u>8,705,622</u>
<u>324,438,165</u>	<u>323,779,187</u>	<u>18,079,884</u>	<u>13,348,385</u>
3,617,119	3,048,948	1,063,332	717,932
770,821	859,335	-	-
929,377	213,903	98,374	80,985
13,024	-	-	233,966
616,482	591,756	-	-
199,297	211,211	-	-
<u>4,688,901</u>	<u>4,614,484</u>	<u>1,311,782</u>	<u>1,593,248</u>
<u>10,835,021</u>	<u>9,539,637</u>	<u>2,473,488</u>	<u>2,626,131</u>
2,200,000	2,295,000	3,230,141	2,250,000
67,261	152,557	-	-
1,059,727	831,467	518,078	348,332
<u>65,771,112</u>	<u>70,417,869</u>	<u>6,626,299</u>	<u>8,858,931</u>
<u>69,098,100</u>	<u>73,696,893</u>	<u>10,374,518</u>	<u>11,457,263</u>
<u>79,933,121</u>	<u>83,236,530</u>	<u>12,848,006</u>	<u>14,083,394</u>
108,371,577	100,949,049	2,596,901	4,262,299
<u>136,133,467</u>	<u>139,593,608</u>	<u>2,634,977</u>	<u>(4,997,308)</u>
<u>244,505,044</u>	<u>240,542,657</u>	<u>5,231,878</u>	<u>(735,009)</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Business-Type Activities-Enterprise Funds			
	Sewer	Water	Airport	Non-major Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$ 19,186,749	6,057,600	2,783,068	2,743,485
Sale of water	-	22,086,263	-	-
Miscellaneous	361,516	349,209	103,960	19,764
Total operating revenues	19,548,265	28,493,072	2,887,028	2,763,249
OPERATING EXPENSES:				
Salaries and related expenses	5,697,997	5,548,451	1,124,720	1,708,890
Materials, supplies and services	6,221,613	5,476,602	586,538	713,200
Repairs and maintenance	410,540	286,778	135,121	76,222
Water purchases	-	14,310,887	-	-
Self-funded insurance expenses	-	-	-	-
Depreciation	3,008,197	1,972,199	1,093,322	42,077
Total operating expenses	15,338,347	27,594,917	2,939,701	2,540,389
Operating income (loss)	4,209,918	898,155	(52,673)	222,860
NONOPERATING REVENUES (EXPENSES):				
Interest income	652,524	820,160	194,286	27,115
Intergovernmental	-	-	178,167	-
Interest expense	(1,231,074)	(691,189)	(68,581)	-
Gain (loss) on disposition of capital assets	(1,572,133)	(50,439)	-	-
Loss from equity investment (note 15)	(134,997)	-	-	-
Total nonoperating revenues (expenses)	(2,285,680)	78,532	303,872	27,115
Income before transfers	1,924,238	976,687	251,199	249,975
TRANSFERS AND CAPITAL CONTRIBUTIONS:				
Capital contributions (note 5)	1,116,676	1,116,676	-	-
Transfers in (note 4)	-	5,515	-	253,121
Transfers out (note 4)	(679,264)	(1,026,257)	(147,447)	(78,732)
Net transfers	437,412	95,934	(147,447)	174,389
Changes in net assets	2,361,650	1,072,621	103,752	424,364
BEGINNING NET ASSETS	117,097,596	93,616,786	27,329,600	2,498,675
ENDING NET ASSETS	\$ 119,459,246	94,689,407	27,433,352	2,923,039

Total Business-Type		Governmental Activities- Internal Service Funds	
2010	2009	2010	2009
30,770,902	31,526,793	17,265,673	15,468,496
22,086,263	22,505,690	-	-
834,449	686,034	1,734,030	335,929
53,691,614	54,718,517	18,999,703	15,804,425
14,080,058	13,428,307	5,090,155	4,926,378
12,997,953	12,323,754	7,276,837	4,415,562
908,661	2,000,072	951,714	933,532
14,310,887	14,298,190	-	-
-	-	6,771,422	7,715,709
6,115,795	5,589,111	1,332,562	1,490,307
48,413,354	47,639,434	21,422,690	19,481,488
5,278,260	7,079,083	(2,422,987)	(3,677,063)
1,694,085	3,743,066	207,323	182,709
178,167	167,026	43,834	98,123
(1,990,844)	(2,006,675)	(173,117)	(240,812)
(1,622,572)	-	(77,694)	61,630
(134,997)	(22,845)	-	-
(1,876,161)	1,880,572	346	101,650
3,402,099	8,959,655	(2,422,641)	(3,575,413)
2,233,352	-	-	-
258,636	682,715	9,522,291	3,303,771
(1,931,700)	(3,959,969)	(1,132,763)	(1,133,081)
560,288	(3,277,254)	8,389,528	2,170,690
3,962,387	5,682,401	5,966,887	(1,404,723)
240,542,657	234,860,256	(735,009)	669,714
244,505,044	240,542,657	5,231,878	(735,009)

CITY OF HAYWARD  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Business-Type Activities-Enterprise Funds			
	Sewer	Water	Airport	Non-Major Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 19,755,531	28,431,033	2,790,151	2,788,394
Cash payments to suppliers for goods and services	(5,612,524)	(19,379,109)	(696,706)	(835,073)
Cash payments to employees for services	(5,618,144)	(5,423,555)	(1,115,191)	(1,694,908)
Claims paid	-	-	-	-
Net cash provided by (used for) operating activities	<u>8,524,863</u>	<u>3,628,369</u>	<u>978,254</u>	<u>258,413</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	1,116,676	1,122,191	-	253,121
Cash paid to other funds	<u>(1,668,782)</u>	<u>(999,136)</u>	<u>(242,447)</u>	<u>(78,732)</u>
Net cash provided by (used for) noncapital financing activities	<u>(552,106)</u>	<u>123,055</u>	<u>(242,447)</u>	<u>174,389</u>
Cash flows from capital and related financing activities:				
Cash paid for acquisition and construction of capital assets	(3,769,535)	(4,943,070)	(1,757,427)	-
Proceeds of long-term debt	-	-	-	-
Capital grants received	-	-	178,167	-
Principal paid on debt	(3,657,795)	(914,545)	-	-
Interest paid on debt	<u>(1,231,074)</u>	<u>(691,189)</u>	<u>(68,581)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(8,658,404)</u>	<u>(6,548,804)</u>	<u>(1,647,841)</u>	<u>-</u>
Cash flows from investing activities:				
Sale of investments	16,542	123,053	-	-
Purchase of investments	-	-	-	-
Interest received on investments	<u>745,255</u>	<u>924,914</u>	<u>223,597</u>	<u>28,865</u>
Net cash provided by (used for) investing activities	<u>761,797</u>	<u>1,047,967</u>	<u>223,597</u>	<u>28,865</u>
Net increase (decrease) in cash and cash equivalents	76,150	(1,749,413)	(688,437)	461,667
Cash and cash equivalents at beginning of year	<u>44,824,338</u>	<u>47,706,947</u>	<u>14,273,378</u>	<u>1,673,648</u>
Cash and cash equivalents at end of year	<u>\$ 44,900,488</u>	<u>45,957,534</u>	<u>13,584,941</u>	<u>2,135,315</u>

See accompanying notes to basic financial statements

Total Business-Type		Governmental Activities- Internal Service Fund	
2010	2009	2010	2009
53,765,109	56,138,401	18,998,824	16,321,863
(26,523,412)	(31,656,510)	(12,083,770)	(8,048,258)
(13,851,798)	(13,351,531)	(4,920,409)	(4,719,186)
-	-	(3,413,987)	(4,805,618)
13,389,899	11,130,360	(1,419,342)	(1,251,199)
2,491,988	682,715	9,668,561	6,168,909
(2,989,097)	(5,728,070)	(1,132,763)	(1,904,451)
(497,109)	(5,045,355)	8,535,798	4,264,458
(10,470,032)	(5,701,067)	(3,239,614)	(2,298,289)
-	783,153	-	-
178,167	167,026	43,834	-
(4,572,340)	(871,655)	(993,342)	(1,027,206)
(1,990,844)	(2,006,675)	(173,117)	(240,812)
(16,855,049)	(7,629,218)	(4,362,239)	(3,566,307)
139,595	2,741,914	79,683	308,089
-	(37,273)	(15)	(1,063)
1,922,631	3,998,403	200,736	183,496
2,062,226	6,703,044	280,404	490,522
(1,900,033)	5,158,831	3,034,621	(62,526)
108,478,311	103,319,480	3,416,354	3,478,880
106,578,278	108,478,311	6,450,975	3,416,354

See accompanying notes to basic financial statements

CITY OF HAYWARD  
Proprietary Funds  
Statement of Cash Flows  
(Continued)

	Business-Type Activities-Enterprise Funds			Non-Major Enterprise Funds
	Sewer	Water	Airport	
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income	\$ 4,209,918	898,155	(52,673)	222,860
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,008,197	1,972,199	1,093,322	42,077
(Increase) decrease in accounts receivable	28,163	(376,588)	(75,668)	12,121
(Increase) decrease in inventory	-	21,205	-	-
(Increase) decrease in due from other governments	-	-	(32,495)	-
(Increase) decrease in prepaid expenses	775,155	-	-	-
(Increase) decrease in other assets	342,263	(73,843)	11,600	-
Increase (decrease) in accounts payable and accrued liabilities	81,314	1,014,900	30,372	709
Increase (decrease) in compensated absences	79,853	124,896	9,529	13,982
Increase (decrease) in claims payable	-	-	-	(4,436)
Increase (decrease) in refundable deposits	-	59,045	(5,419)	(28,900)
Increase (decrease) in deferred revenue	-	(11,600)	(314)	-
Total adjustments	4,314,945	2,730,214	1,030,927	35,553
Net cash provided by operating activities	\$ 8,524,863	3,628,369	978,254	258,413

There were no significant nonacash investing or financing activities for the years ended June 30, 2010 and 2009.

See accompanying notes to basic financial statements



Total Business-Type		Governmental Activities- Internal Service Fund	
2010	2009	2010	2009
<u>5,278,260</u>	<u>7,079,083</u>	<u>(2,422,987)</u>	<u>(3,677,063)</u>
6,115,795	5,589,112	1,332,562	1,490,307
(411,972)	(241,634)	59,400	(98,435)
21,205	11,849	-	-
(32,495)	1,172,302	-	-
775,155	20,367	-	-
280,020	(104,627)	-	-
1,127,295	1,140,140	362,788	643,536
228,260	76,776	169,746	207,192
(4,436)	(17,598)	(920,851)	183,264
24,726	(3,806,621)	-	-
<u>(11,914)</u>	<u>211,211</u>	<u>-</u>	<u>-</u>
<u>8,111,639</u>	<u>4,051,277</u>	<u>1,003,645</u>	<u>2,425,864</u>
<u><u>13,389,899</u></u>	<u><u>11,130,360</u></u>	<u><u>(1,419,342)</u></u>	<u><u>(1,251,199)</u></u>

See accompanying notes to basic financial statements

CITY OF HAYWARD  
Fiduciary Funds - Agency Funds  
Statement of Fiduciary Net Assets  
June 30, 2010

	<u>2010</u>	<u>2009</u>
ASSETS:		
Cash and investments (note 2)	\$ 1,821,539	3,779,624
Cash and investments with fiscal agent (note 2)	2,735,893	818,354
Interest receivable	4,193	10,058
Due from other governments	<u>773</u>	<u>11,752</u>
Total assets	<u>\$ 4,562,398</u>	<u>4,619,788</u>
LIABILITIES:		
Accounts payable	\$ 1,919	884
Due to bondholders	4,556,533	4,612,680
Refundable deposits	<u>3,946</u>	<u>6,224</u>
Total liabilities	<u>\$ 4,562,398</u>	<u>4,619,788</u>

See accompanying notes to basic financial statements

# CITY OF HAYWARD

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## Footnotes

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## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

**Description of Reporting Entity** - The City of Hayward, California (the “City”) was originally incorporated as the Town of Hayward in 1876. On March 7, 1956, the people of the City adopted a City Charter under which the City currently operates. The City maintains a Council-Manager form of government and is governed by an independently elected seven-member City Council. The City provides the following services as authorized by its charter: public safety (police, fire, and building inspection), highways and streets, sanitation, water, airport, social services, public improvements, planning library and zoning, and general administrative services.

**Reporting Entity** - The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. The City Council sits in a different capacity as the governing boards of the following entities. Although they are separate legal entities, *blended* component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. This City’s component units which are described below are all blended.

- *The Redevelopment Agency of the City of Hayward* (the “Redevelopment Agency”) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000), primarily to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the City. The Downtown Hayward Redevelopment Project Area (comprised of the downtown area of the City) was established under the Redevelopment Plan (the “Plan”), which was adopted in December 1975 and amended in 1994. The stated purpose of the Plan is to provide an improved physical, social and economic environment in the Project Area. Operating activities of the Redevelopment Agency are included as a capital projects fund of the City, while debt service payments and interest income and expenditures are recorded as a debt service fund of the City.
- *Hayward Public Financing Authority* (the “Authority”) - In May 1989, the City and the Redevelopment Agency entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California, thereby forming the Authority for the purpose of financing certain capital improvements within the City. These capital improvements are leased to the City for rental payments, which, together with restricted assets of the Authority, will be sufficient to meet the debt service obligations of the Authority. At the termination of the individual leases, title to the related improvements will pass to the City. Operating activities of the Authority are recorded as an enterprise fund of the City.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *The Hayward Business Improvement District (the "District")* was established in 1984 to collect certain charges imposed on businesses within the downtown business improvement district and to expend such monies on activities, which enhance the district as a shopping and business center. Operating activities of the District are included as a special revenue fund of the City.
- *The Hayward Housing Authority ("Housing Authority")* was originally established in 1946. The Housing Authority is only a conduit to issue housing mortgage revenue bonds for developers, whereby such developers are entirely responsible for meeting the related debt obligations and where the funds raised through such housing mortgage revenue bond issues are used to finance multifamily rental housing developments. A certain percentage of housing units being financed must be for low and moderate income purposes. The Housing Authority is paid a fee by the benefited developers for issuing the bonds and for monitoring the occupancy of these housing developments. This activity is recorded as a special revenue fund of the City.

The City participates in a joint venture, the East Bay Dischargers Authority ("EBDA"), which is not included in the accompanying basic financial statements as it is administered by a board separate from and independent of the City. EBDA is also fiscally independent of the City (see Note 15).

Complete financial statements of the certain component units and the joint venture can be obtained from:

City of Hayward  
Finance Department, 3rd Floor  
777 B Street  
Hayward, California 94541

**Basis of Presentation** - The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

*Government-wide Statements:* The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category— *governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

*Major Funds* - Governmental Accounting Standards Board requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*General Fund* is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

*Redevelopment Agency Capital Projects Fund* - Accounts for property tax increment revenues used for capital projects connected with redevelopment.

*Route 238 Settlement Fund* - Accounts for lump sum stipends, home ownership assistance, and program administration in connection with Route 238 Corridor Settlement Agreement.

*Route 238 Corridor Improvement Fund* - Accounts for various roadway improvements along Foothill and Mission Boulevard between northern city limits and Industrial Parkway including a downtown one-way loop street system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

The City reported all the following proprietary-enterprise funds as major funds in the accompanying financial statements:

*Sewer Fund* - Accounts for activities associated with sewage transmission and treatment.

*Water Fund* - Accounts for activities associated with distribution and transmission of potable water to users.

*Airport Fund* - Accounts for the operation, development and maintenance of the Hayward Executive Airport.

The City also reports the following fund types:

*Internal Service funds* - These funds account for workers' compensation reimbursable costs, risk management expenses, self-insurance costs, and operation, maintenance and replacement of vehicles, City Hall and buildings, and Technology infrastructure; all of which are provided to other departments on a cost-reimbursement basis.

*Fiduciary funds* - These funds account for assets held by the City in trust or as an agent for various assessment and community facilities districts. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Agency funds apply the accrual basis of accounting but do not have a measurement focus.



## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Basis of Accounting*** - The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end with some revenues having a ninety day availability period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest and charges for services.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City follows Statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities and enterprise funds, unless they conflict with Government Accounting Standards Board pronouncements.

***Budgets and Budgetary Accounting*** — The City adopts an annual operating budget prepared using the modified accrual basis of accounting and conforms to generally accepted accounting principles (GAAP) for its general, special revenue capital project, and debt service funds. Under Section 1201 of the City of Hayward Charter, the City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after adoption. Each year, the City Manager submits a proposed budget to the City Council in June and the final budget is adopted by the City Council before June 30. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between the accounts of any fund; however any revisions that alter the total appropriations of any fund must be approved by City Council. Prior period appropriations lapse unless they are reappropriated through the formal budget process or through the carryover process. The City controls its expenditures using encumbrance accounting. Budgetary comparisons are presented for all legally adopted governmental funds which include the general fund, special project, capital project and debt service funds. The City does not adopt a budget for the Federal Rental Rehabilitation Grant Program special revenue fund.

In addition to the annual operating budget, the City adopts a Ten-Year Capital Improvement Program. Funds are appropriated for the first year of the plan with years two through ten included for planning purposes. Funds are appropriated on a project basis and are carried over until expended or the project is closed. The legal level of budgetary control is at the fund level.

At June 30, 2010 expenditures exceeded budgets for the following funds:

<u>Fund Name</u>	<u>Amount</u>
Housing Mortgage Revenue Bonds	\$ 18,252
Park Dedication Ordinance	11,779

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Inventory** of the General Fund consist of expendable supplies held for consumption and are valued at cost (first-in, first-out). The cost is recorded as an expenditure in the General Fund at the time individual items are consumed. Reported General Fund supplies are equally offset by a fund balance reservation which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Supplies of enterprise funds are valued at the lower of cost (first-in, first-out) or market. Supplies of the enterprise funds consist principally of materials and supplies for utility operations and are expensed or capitalized as such supplies are consumed.

**Land held for redevelopment** of \$ 12,672,570 at June 30, 2010 is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the Redevelopment Agency of the City of Hayward. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the Project Area.

**Prior year data** - Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

**Property taxes** - Alameda County assesses properties and bills for and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Vested Vacation, Time Off in Lieu of Overtime and Sick Pay*** - The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund.

#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City pools cash from all sources and all funds except cash with fiscal agent so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year.

This note will disclose the City's policies related to cash and investments including limitations to the investments allowable, amounts held at year end, information related to interest rate risk, credit risk and custodial credit risk.

***Policies*** - The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security (issuer), called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the City's case, fair value equals fair market value, since all of the City's investments are readily marketable.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral. As of June 30, 2010, the City held \$825,833 in uncollateralized deposits under escrow agreements with construction contractors. Such deposits are permitted to be uncollateralized under the government code.

The City maintains a cash management pool that is available for use by all funds. Each fund type's portion of the pool is shown on the combined balance sheet as "Cash and investments," or "Due to other funds" (for cash overdrafts), as appropriate.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

**Classification** — As of June 30, 2010 cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

***Statement of Net Assets:***

Cash and investments	\$ 183,648,667
Cash and investments with fiscal agent	<u>7,475,357</u>
Total City cash and investments	<u>191,124,024</u>

***Fiduciary Funds:***

Cash and investments	1,821,539
Cash and investments with fiscal agent	<u>2,735,893</u>
Total fiduciary cash and investments	<u>4,557,432</u>
Total cash and investments	<u>\$ 195,681,456</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 5,168
Deposits with financial institutions	7,999,786
Investments	<u>187,676,502</u>
Total cash and investments	<u>\$ 195,681,456</u>

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (Continued)

***Investments Authorized by the California Government Code and the City's Investment Policy -***

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	4 years	N/A	None	None
U.S. Government Agency Obligations	4 years	N/A	None	None
U.S. Government Sponsored Obligations	4 years	N/A	50%	20%
Bankers Acceptances	180 days	A-1	40%	30%
Certificates of Deposit	4 years	A- 1 to A	25%	20%
Commercial Paper	270 days	A-1	15%	10%
Medium Term Corporate Notes	4 years	A to AA	30%	20%
Asset-Backed Corporate Notes	4 years	A	20%	10%
Repurchase Agreements	1 year	N/A	20%	20%
Reverse Repurchase Agreements	92 days	A-1 to A	20%	20%
Negotiable Certificates of Deposit	4 years	A to AA	30%	20%
Money Market Funds	2 years	AAA	20%	10%
County Agency Investment Fund	N/A	N/A	15%	10%
California Local Agency Investment Fund	N/A	N/A	None	None

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

***Investments Authorized by Debt Agreements*** - The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer (financial institution) or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
U.S. Treasury Obligations	No limit	No limit
U.S. Government Agency Obligations	No limit	No limit
U.S. Government Sponsored Obligations	No limit	None to AAA
Money Market Mutual Funds	No limit	AAm to AAAm-G
Collateralized Certificates of Deposits	None to 1 year	None to A-1+
FDIC Insured Deposits	No limit	No limit
Investment Agreements	No limit	None to Two Highest Categories
Commercial Paper	None to 270 days	A-1 to A-1+
State General Obligations	No limit	A/A2 to Two Highest Categories
Municipal Obligations	No limit	AAA to Two Highest Categories
Federal Funds or Bankers Acceptances	180 days to 1 year	A-1 to A-1+
Repurchase Agreements	None to 30 days	None to A
Pre-refunded Municipal Bonds	No limit	AAA
California Local Agency Investment Fund	No limit	No limit

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments at June 30, 2010, by maturity or earliest call date:

Investment Type	12 months or less	12 to 24 months	Over 2 years	Total
<b>Held by City:</b>				
U.S. Government sponsored obligations:				
Non-callable	\$ 5,016,870	32,218,300	3,073,088	40,308,258
Callable	20,094,720	3,045,930	-	23,140,650
Medium Term Notes:				
Non-callable	2,008,020	-	-	2,008,020
California Local Agency Investment Fund	120,197,253	-	-	120,197,253
<b>Held by Trustees:</b>				
U.S. Treasury Bills and Notes	-	-	819,893	819,893
Investment Agreements	-	-	1,202,428	1,202,428
Total Investments	<u>\$ 147,316,863</u>	<u>35,264,230</u>	<u>5,095,409</u>	<u>187,676,502</u>

The City is a participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.



**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy requires minimum ratings for investment purchases. Presented below is the actual rating as of June 30, 2010 for each investment type as provided by Standard and Poor's investment rating system:

<u>Investment Type</u>	<u>AAA/ AAAm</u>	<u>AA+ to AA-</u>	<u>Total</u>
<b>Held by City:</b>			
U.S. Government sponsored obligations:			
Non-callable	\$ 40,308,258	-	40,308,258
Callable	23,140,650	-	23,140,650
Medium Term Notes:			
Non-callable	<u>          -</u>	<u>2,008,020</u>	<u>2,008,020</u>
Total Investments	<u>\$ 63,448,908</u>	<u>2,008,020</u>	65,456,928
<b>Not rated:</b>			
California Local Agency Investment Fund			120,197,253
Investment Agreements			1,202,428
<b>Exempt from credit rating disclosures:</b>			
U.S. Treasury Bills and Notes			<u>819,893</u>
			<u>\$ 187,676,502</u>

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Significant investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, are set forth below:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
<i>Entity Wide:</i>			
	Federal Farm Credit Bank	Federal Agency Securities	\$ 28,646,090
	Federal Home Loan Bank	Federal Agency Securities	34,802,818

***Custodial Credit Risk – Investments*** - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a specific policy related to custodial credit risk.

#### 3. REDEVELOPMENT ACTIVITIES

**Loans Receivable** - In order to carry out low and moderate housing programs, Redevelopment low and moderate income housing funds were loaned to homebuyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to the rate the City earns on its cash and investments.

**Huntwood Commons Apartments** — The City has a loan agreement with Eden Housing, Inc., a California nonprofit public benefit corporation. Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-income households and one manager's unit. The loans are in the amount of \$840,000 consisting of HOME funds and \$175,500 consisting of Workforce Housing Reward funds. At June 30, 2010 the principal balances outstanding for the HOME and Workforce Housing Reward loan funds were \$840,000 and \$175,500 respectively. The outstanding principal balance of the loan funds will accrue interest at a rate of 3% annually. Repayments of the principal amount of the loan and any accrued interest on such principal shall be deferred until April 30, 2062.

**HUD Funds** - The City also pools certain funds received from the U.S. Department of Housing and Urban Development and the State of California Department of Housing and Community Development, and administrative fees received from owners of multifamily projects funded by mortgage revenues bonds sponsored by the City. These monies are loaned to businesses, nonprofit and for-profit housing developers and to qualified first-time homebuyers for the above purposes. Loans receivable are offset in fund financial statements by deferred revenue in the Funds providing the loans, as these loans are not expected to be collected in the next year.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 3. REDEVELOPMENT ACTIVITIES (Continued)

**Elementary School and Public Improvements (Cannery/Burbank Project)** - Pursuant to an agreement between the Agency, the City, the Hayward Area Park and Recreation District (HARD), and the Hayward Unified School District, the City agreed to construct and the Agency agreed to pay for the design and construction of a new elementary school to be located on a site composed of parcels owned by or acquired by the Agency. The project was completed during the year ended June 30, 2009 for a total cost of \$35,944,664. The site and improvements have been conveyed to the School District in exchange for a portion of land owned by the School District (the old school site).

The Agency also agreed to deconstruct the old school site, and finance the cost of certain infrastructure improvements to the adjacent Cannery Park, which will be jointly used by HARD and Park District and the School District. This infrastructure project was completed during the year ended June 30, 2009 for a total cost of \$6,813,260. The site and improvements have been conveyed to the HARD.

Receivables - To partially compensate the Agency for the above design and construction costs and repay the advances, the School District, HARD and the City have agreed to assign certain school development fees and park-in-lieu fees to the Agency. In addition, the School District has agreed that the Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code, as partial compensation for the above costs. The remaining unreimbursed costs are recorded as a long-term receivable in the accompanying financial statements. The following is a schedule of changes in the loan receivable balance for the year ended June 30, 2010:

	<u>School Project</u>	<u>Cannery Park</u>
Balance at June 30, 2009	\$29,958,717	4,597,037
Additional reimbursable costs incurred during fiscal year	315,099	-
Less: Pass-through payments	(153,966)	-
Less: Development fees	(330,239)	-
Less: Park in lieu fees	<u>-</u>	<u>(79,484)</u>
Balance at June 30, 2010	<u>\$29,789,611</u>	<u>4,517,553</u>

**Pass-through payments and tax increment shift to educational revenue augmentation fund (ERAF)** - Pursuant to California Redevelopment Law (Health and Safety Code Section 33607.5), the Agency is obligated to pass-through a portion of the gross tax increment received to jurisdictions within the project area. In fiscal year 2010, the Agency calculated and remitted \$1,239,244 pass-through payments to the affected jurisdictions.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 3. REDEVELOPMENT ACTIVITIES (Continued)

Since the Agency began making statutory pass through payments to other taxing entities in FY 2002, the Alameda County Auditor-Controller has maintained a position that pass through payments should be made to the Alameda County Education Relief Augmentation Fund (County ERAF). The Agency has disputed this position as being inconsistent with California law, and up until FY 2009 the Agency has calculated and held those amounts aside until the dispute could be resolved. In FY 2009, AB 1389 was passed by the State legislature. This law required that redevelopment agencies submit reports to the county Auditor-Controller regarding their pass-through payments for fiscal years ending 2009 and 2010, and for the previous five-year period. As a result of this process, the Alameda County Auditor-Controller required the Agency to make payment to the County ERAF in the amount of \$995,486. The Agency, at the advice of legal counsel, made the payment under protest, and utilized the funds which it has been setting aside in previous years for that purposes.

In FY 2010, the State adopted ABX4-26, which required redevelopment agencies to make Supplemental ERAF (or SERAF) payments to the State for a two-year period. As a result, in FY 2010 the Agency made a payment in the total amount of \$4,421,374, including \$1 million from the General Capital Projects Fund and \$3,421,374 which was borrowed from the Agency's Low and Moderate Income Housing Fund. Under the legislation, the Agency is allowed five years to repay the Low and Moderate Income Housing Fund.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

#### 4. INTERFUND TRANSACTIONS

**Current Interfund Balances** - Current interfund balances arise in the normal course of business and are expected to be repaid shortly after end of the fiscal year. At June 30, 2010 interfund balances were as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds:	
	Energy Efficiency Conservation	\$ 32,287
	Homelessness Prevention	9,971
	HOME	14,948
	Non-major Enterprise Funds:	
	Centennial Hall Maintenance and Operations Fund	<u>13,024</u>
		<u>\$ 70,230</u>

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 4. INTERFUND TRANSACTIONS (Continued)

**Long-Term Interfund Advances** - At June 30, 2010, the funds below had made advances that were not expected to be repaid within the next year.

	<u>Long-Term Interfund Receivable</u>	<u>Long-Term Interfund Payable</u>
General Fund	\$ 9,144,570	-
Redevelopment Agency		
Capital Projects Fund	-	11,017,522
Enterprise Funds		
Sewer	4,062,019	-
Water	3,241,074	-
Airport	-	2,200,000
Internal Service Funds	<u>-</u>	<u>3,230,141</u>
Total	<u>\$ 16,447,663</u>	<u>16,447,663</u>

General Fund Long-term Receivable from Agency - Funds have been advanced under an Amended Repayment Agreement whereby the Redevelopment Agency has agreed to reimburse the City for a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza not to exceed \$11,186,217. The Agency is to pay annual installments of \$800,000 July 1 of each year and interest will accrue on the unpaid principal balance at a rate equal to the average rate earned by the City on moneys invested in LAIF for the applicable fiscal year. Interest shall accrue and be added to the principal balance June 30 of each year. As of June 30, 2010, the balance of the agreement is \$9,144,570.

Sewer Fund Long-term Receivable from Agency - During fiscal year 2003, the Sewer Enterprise Fund loaned \$2.35 million to the Redevelopment Agency pursuant to a City Council resolution to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00% which is repaid quarterly. Principal is repayable over a five year period commencing the fourth quarter of fiscal year 2006. As of June 30, 2010, the outstanding loan balance is \$831,878.

Water Fund Long-term Receivable from Agency - In fiscal year 1990, the Water Enterprise Fund loaned \$5,946,333 to the Redevelopment Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues. As of June 30, 2010, the outstanding loan balance is \$1,014,074.

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 4. INTERFUND TRANSACTIONS (Continued)

Water Fund Long-term Receivable from Airport Fund - In fiscal year 2002, the Water Enterprise Fund loaned \$2.89 million to the Airport Enterprise Fund bearing interest at between 3% to 4.75%, due in annual installments until October 2026. As of June 30, 2010 the outstanding loan balance is \$2,200,000.

Sewer Fund Long-term Receivable from Technology Services Fund - In fiscal year 2009, the Sewer Enterprise Fund loaned \$2,250,000 to the Technology Services Internal Service Fund for the public safety aided dispatch/records management system replacement. This loan bears 2% interest and repayments will commence in fiscal year 2010. As of June 30, 2010 the outstanding loan balance is \$2,301,570.

Water Fund Long-term Receivable from Fleet Fund - In fiscal year 2010, the Water Enterprise Fund loaned \$1,000,000 to the Fleet Internal Service Fund for the design, build and purchase of an aerial tiller Fire Apparatus. The interest will accrue on the unpaid balance at the rate equal to the City's monthly average investment portfolio rate. As of June 30, 2010 the outstanding loan balance is \$928,571.

**Internal Balances** - Internal balances are presented only in the Government-wide financial statements. They represent the net interfund receivable and payables remaining after the elimination of all such balances within governmental and business-type activities.

**Transfers Between Funds** — With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2010 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	
General Fund	Non-Major Governmental Funds	\$ 3,087,875	A
	Non-Major Enterprise Fund	253,121	A
	Internal Service Funds	<u>7,813,401</u>	A
		<u>11,154,397</u>	
Redevelopment Agency Capital Project Fund	General Fund	619,878	D
	Route 238 Settlement	1,000,000	B
	Water Enterprise Fund	5,515	A
	Non-Major Governmental Funds	4,193,454	A
	Internal Service Funds	<u>112,089</u>	C
		<u>5,930,936</u>	

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. INTERFUND TRANSACTIONS (Continued)**

Route 238 Corridor Improvements	General Fund	6,140,689	A
	Route 238 Settlement	5,000,000	B
	Non-Major Governmental Funds	<u>600,000</u>	B
		<u>11,740,689</u>	
Sewer	General Fund	337,870	D
	Non-Major Governmental Funds	26,221	A
	Internal Service Funds	<u>315,173</u>	C
		<u>679,264</u>	
Water	General Fund	741,518	D
	Non-Major Governmental Funds	35,497	A
	Internal Service Funds	<u>249,242</u>	C
		<u>1,026,257</u>	
Airport	General Fund	65,686	D
	Non-Major Governmental Funds	28,421	A
	Internal Service Funds	<u>53,340</u>	C
		<u>147,447</u>	
Non-Major Governmental Funds	General Fund	3,436,517	D
	Non-Major Governmental Funds	40,150	A
	Internal Service Funds	<u>766,166</u>	C
		<u>4,242,833</u>	
Non-Major Enterprise Funds	General Fund	50,963	D
	Internal Service Funds	<u>27,769</u>	C
		<u>78,732</u>	
Internal Service Funds	General Fund	1,029,041	D
	Internal Service Funds	<u>103,722</u>	C
		<u>1,132,763</u>	
		<u>\$36,133,318</u>	

A To fund debt service, capital projects and administrative overhead

B To fund capital projects

C To fund general liability insurance fund; employee benefits fund

D To fund allocation of administrative overhead

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 5. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding \$5,000 and with useful lives exceeding two years.

Beginning in fiscal year 2001, the City recorded all current year additions for its public domain (infrastructure) capital assets, which include traffic signals, medians and streets in its Government—wide financial statements. In fiscal year 2003, the City implemented the retroactive accounting for its infrastructure assets acquired in prior years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of the assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City begins depreciation on July 1<sup>st</sup> of the year following acquisition. The City has assigned the useful lives listed below to capital assets.

Buildings and improvements	10- 50 years
Machinery and equipment	7 - 50 years
Streets	25 - 40 years
Traffic Signals	20 years
Medians	25 - 40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.



**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS (Continued)**

*Capital Asset Additions and Retirements* – Capital assets at June 30 comprise:

	<u>Balances at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balances at June 30, 2010</u>
<b>Governmental activities</b>					
Capital assets, not depreciated:					
Land	\$ 14,320,040	-	-	-	14,320,040
Construction in Progress	26,440,104	17,399,976	-	(9,297,667)	34,542,413
Total capital assets, not depreciated	40,760,144	17,399,976	-	(9,297,667)	48,862,453
Capital assets, being depreciated					
Buildings and improvements	64,797,824	-	-	-	64,797,824
Improvements other than buildings	9,294,241	-	-	-	9,294,241
Machinery and equipment	38,676,474	1,478,865	(1,898,760)	-	38,256,579
Streets	160,854,446	6,894,606	-	9,297,667	177,046,719
Traffic Signal	7,257,235	-	-	-	7,257,235
Conduits	1,540,569	-	-	-	1,540,569
Medians	3,425,279	-	-	-	3,425,279
Drains	2,994,000	-	-	-	2,994,000
Total cost of depreciable assets	288,840,068	8,373,471	(1,898,760)	9,297,667	304,612,446
Less accumulated depreciation:					
Buildings and improvements	19,103,452	1,294,056	-	-	20,397,508
Improvements other than buildings	3,643,782	385,664	-	-	4,029,446
Machinery and equipment	25,548,176	2,438,769	(1,802,468)	-	26,184,477
Streets	36,052,374	4,392,316	-	-	40,444,690
Traffic Signal	3,435,052	327,840	-	-	3,762,892
Medians	1,331,312	85,631	-	-	1,416,943
Conduits	882,477	71,778	-	-	954,255
Drains	839,973	149,700	-	-	989,673
Total accumulated depreciation	90,836,598	9,145,754	(1,802,468)	-	98,179,884
Net depreciable assets	198,003,470	(772,283)	(96,292)	9,297,667	206,432,562
<b>Governmental activity capital assets, net</b>	<u>\$ 238,763,614</u>	<u>16,627,693</u>	<u>(96,292)</u>	<u>-</u>	<u>255,295,015</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS (Continued)**

	<u>Balance at</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at</u> <u>June 30, 2010</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$ 5,130,240	-	-	-	5,130,240
Construction in progress	<u>62,220,640</u>	<u>8,361,092</u>	<u>(5,890)</u>	<u>(61,166,342)</u>	<u>9,409,500</u>
Total capital assets not being depreciated	<u>67,350,880</u>	<u>8,361,092</u>	<u>(5,890)</u>	<u>(61,166,342)</u>	<u>14,539,740</u>
Capital assets being depreciated:					
Buildings	25,887,766	-	(532,326)	239,062	25,594,502
Improvements other than buildings	58,417	-	-	-	58,417
Machinery and equipment	32,872,583	-	(15,368,446)	2,121,633	19,625,770
Sewer pipelines and other infrastructure	62,023,887	1,116,676	(627,575)	56,815,052	119,328,040
Water pipelines and other infrastructure	59,366,948	1,116,676	(25,665)	818,876	61,276,835
Airport hangers, tarmacs and other infrastructure assets	<u>24,173,738</u>	<u>-</u>	<u>-</u>	<u>1,171,719</u>	<u>25,345,457</u>
Total capital assets being depreciated	<u>204,383,339</u>	<u>2,233,352</u>	<u>(16,554,012)</u>	<u>61,166,342</u>	<u>251,229,021</u>
Less accumulated depreciation for:					
Buildings	17,643,456	521,296	(492,311)	-	17,672,441
Improvements other than buildings	58,417	-	-	-	58,417
Machinery and equipment	22,720,031	1,047,187	(14,201,308)	-	9,565,910
Sewer pipelines and other infrastructure	23,355,967	1,916,392	(219,366)	-	25,052,993
Water pipelines and other infrastructure	21,859,765	1,674,730	(18,456)	-	23,516,039
Airport hangers, tarmacs and other	<u>10,115,181</u>	<u>956,190</u>	<u>-</u>	<u>-</u>	<u>11,071,371</u>
Total accumulated depreciation	<u>95,752,817</u>	<u>6,115,795</u>	<u>(14,931,441)</u>	<u>-</u>	<u>86,937,171</u>
Net capital assets being depreciated	<u>108,630,522</u>	<u>(3,882,443)</u>	<u>(1,622,571)</u>	<u>61,166,342</u>	<u>164,291,850</u>
<b>Business-type activity capital assets, net</b>	<u>\$ 175,981,402</u>	<u>4,478,649</u>	<u>(1,628,461)</u>	<u>-</u>	<u>178,831,590</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS (Continued)**

***Construction Progress***

Governmental capital assets construction in progress was composed of the following at June 30, 2010:

	<b><u>Project Budget</u></b>	<b><u>Expended to June 30, 2010</u></b>	<b><u>Encumbered</u></b>	<b><u>Committed</u></b>
Improvements other than buildings	\$ 151,023	149,216	-	1,807
Machinery and equipment	2,250,000	1,779,348	468,858	1,794
Streets	<u>70,870,182</u>	<u>32,613,849</u>	<u>8,716,425</u>	<u>29,539,909</u>
Total	<u>\$ 73,271,205</u>	<u>34,542,413</u>	<u>9,185,283</u>	<u>29,543,510</u>

Enterprise fund capital assets construction was composed of the following in progress at June 30, 2010:

	<b><u>Project Budget</u></b>	<b><u>Expended to June 30, 2010</u></b>	<b><u>Encumbered</u></b>	<b><u>Committed</u></b>
Sewer Enterprise Fund	\$ 14,319,999	3,936,382	5,095,548	5,288,068
Water Enterprise Fund	12,010,341	4,958,783	1,597,812	5,453,746
Airport Enterprise Fund	<u>567,777</u>	<u>514,335</u>	<u>-</u>	<u>53,442</u>
Total	<u>\$ 26,898,117</u>	<u>9,409,500</u>	<u>6,693,360</u>	<u>10,795,256</u>

Sewer facilities constructed for the sole use of the City by EBDA, including construction in progress, are included in capital assets at their full construction cost.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 5. CAPITAL ASSETS (Continued)

**Capital Asset Contributions** — Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GAAP requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

In fiscal year 2010, the City received \$2,233,352 in Sewer and Water line improvements and \$6,894,606 in Street infrastructure contributed by developers in connection with the Mt. Eden Annexation.

**Depreciation Allocation** — Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program for the year ended June 30, 2010 were as follows:

#### Governmental Activities

General Government	\$ 991,942
Public Safety	5,210,074
Public Works and Transportation	297,090
Library and Neighborhood Services	550,713
Redevelopment	164,020
Planning and Building	372,082
Maintenance Services	227,271
Internal Service Funds	<u>1,332,562</u>
	<u>\$9,145,754</u>

#### Business-Type Activities

Sewer Fund	\$3,008,197
Water Fund	1,972,199
Airport Fund	1,093,322
Centennial Hall Maintenance and Operations Fund	40,190
Stormwater Fund	<u>1,887</u>
	<u>\$6,115,795</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT**

*Summary Schedules*

The City's long-term debt issues and transactions are summarized below:

<b>Type of Obligation</b>	<b>Outstanding at June 30, 2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>Outstanding at June 30, 2010</b>	<b>Current Portion</b>
<b>Governmental Activity Debt:</b>					
<b>Certificates of Participation</b>					
2007 Refunding COP	\$ 30,430,000	-	1,385,000	29,045,000	1,440,000
<b>Lease Revenue Bonds</b>					
ABAG Series 2001-2	855,520	-	65,910	789,610	68,600
<b>Capital Leases</b>					
Boys and Girls Club	835,819	-	95,480	740,339	99,981
Police Motorola Radios	187,609	-	59,231	128,378	62,477
<b>Tax Allocation Bonds</b>					
2004 Redevelopment Agency	41,105,000	-	1,335,000	39,770,000	1,400,000
2006 Redevelopment Agency	11,800,000	-	-	11,800,000	-
Subtotal	85,213,948	-	2,940,621	82,273,327	3,071,058
<b>Internal Service Fund Debt:</b>					
<b>Lease Revenue Bonds</b>					
ABAG Series 2001-2	930,000	-	270,000	660,000	280,000
<b>Capital Leases - Equipment</b>					
Solar Power Generator	950,000	-	30,000	920,000	30,000
Computer Mainframe	184,746	-	103,789	80,957	80,957
VOIP Phone System	752,390	-	496,115	256,275	256,275
<b>Capital Leases - Fleet</b>					
Trucks, Van, Loader & Cutter Equipment	54,505	-	54,505	-	-
Trucks, Pickup, Cars	701,515	-	343,950	357,565	357,565
City Vehicles	870,168	-	294,890	575,278	306,984
Subtotal	4,443,324	-	1,593,249	2,850,075	1,311,781
<b>Claims payable</b>	6,008,856	4,589,485	5,510,335	5,088,006	-
<b>Other postemployment benefits</b>	4,412,236	5,710,526	2,330,861	7,791,901	-
<b>Compensated Absences</b>	6,645,747	5,105,695	3,560,199	8,191,243	4,388,137
Total Government Activity Debt	\$ 106,724,111	15,405,706	15,935,265	106,194,552	8,770,976

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued)**

Type of Obligation	Outstanding at June 30, 2009	Additions	Retirements	Outstanding at June 30, 2010	Current Portion
<b>Business-type Activity Debt:</b>					
<b>Revenue Bonds</b>					
Hayward Public Financing Authority, Series 1996	\$ 2,445,000	-	435,000	2,010,000	460,000
<b>Lease Revenue Bonds</b>					
ABAG Series 2001-2	544,479	-	129,090	415,389	131,400
<b>Certificates of Participation</b>					
2001 Water System Improvement Project	3,005,000	-	320,000	2,685,000	335,000
2004 Water System Improvement Project	6,425,000	-	95,000	6,330,000	95,000
2007 Sewer Refunding	8,105,000	-	910,000	7,195,000	940,000
<b>State Water Resources Control Board Loan</b>					
	54,507,874	42,144	2,725,394	51,824,624	2,727,501
<b>Compensated Absences</b>	<u>831,467</u>	<u>720,217</u>	<u>491,957</u>	<u>1,059,727</u>	<u>627,012</u>
Total Business-type Activity Debt	<u>\$ 75,863,820</u>	<u>762,361</u>	<u>5,106,441</u>	<u>71,519,740</u>	<u>5,315,913</u>

Debt service payments are generally made from the following sources:

- (a) Revenues recorded in the General Fund.
- (b) Incremental property taxes recorded in the Redevelopment Agency Capital Projects Fund.
- (c) Operating revenues recorded in the Fleet Management Internal Service Fund.
- (d) Operating revenues from the Water Enterprise Fund.
- (e) Operating revenues recorded in the Sewer Enterprise Fund.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued)**

***General Government Debt Activity***

**2007 Refunding Certificates of Participation** - In August 2007, the Authority issued \$31,820,000 in Certificates of Participation (2007 COPs) to prepay \$26,740,000 of the outstanding principal of the 1996 Civic Center Certificates of Participation and to prepay \$4,245,000 of the outstanding principal of the 1997 Road and Seismic Retrofit Refunding Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$2,864,926 and resulted in an economic gain of \$1,991,771. The 2007 Refunding COPs bear interest at 3.0% to 5.2% and are due serially each August 1. Interest payments are due semi-annually on February 1 and August 1, through maturity in 2026.

**2001 ABAG Lease Revenue Bonds** - In fiscal year 2002, the City issued \$7,475,000 principal amount of ABAG Lease Revenue Bonds, Series 2001-2, (2001-2 Bonds), at rates of 3.0% to 5.0%, and the proceeds of which were used to finance the cost of acquiring capital assets and to refund and retire various capital lease and certificates of participation obligations. This bifurcated Bond issue is repayable from governmental funds, the Fleet Internal Service Fund, the Sewer Enterprise Fund and the Water Enterprise Fund and as a result, the principal balance of the 2001-2 Bonds has been prorated and recorded in each of the above funds and activities.

**Capital Lease Obligations** - In fiscal year 2006, the City entered into two lease agreements, one for acquiring computer mainframe equipment in the amount of \$491,602, which requires monthly payments and one in the amount of \$1,656,763 for acquiring various vehicles, which requires semi-annual payments.

In fiscal year 2005, the City entered into a lease purchase agreement for property at 28200 Ruus Road in Hayward for \$1,215,000. The property was formally the Boys & Girls Club and was renamed to the Matt Jimenez Community Center. The lease payments are semi-annual.

In fiscal year 2008, the City entered into a lease agreement for police Motorola radios for an additional amount of \$41,087, which requires annual payments. The City also entered into an equipment lease for \$1,300,927 for VOIP equipment.

**2004 Tax Allocation Bonds** - In fiscal year 2004, the Agency issued \$44,790,000 of Tax Allocation Bonds to provide funds to defeased and retire the 1996 Tax Allocation Bonds and to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are a special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2006 Tax Allocation Bonds. The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2034. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3% to 5.23% per annum.

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 6. LONG-TERM DEBT (Continued)

**2006 Tax Allocation Bonds** - In fiscal year 2006, the Agency issued \$11,800,000 of Tax Allocation Bonds to provide funds to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2004 Tax Allocation Bonds. The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3.75% to 4.3% per annum.

At June 30, 2010, annual debt service requirements to maturity for government activities long-term debt, including interest payments, were as follows:

#### *Certificate of Participation (COP)*

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,440,000	1,174,775	2,614,775
2012	1,510,000	1,115,775	2,625,775
2013	1,570,000	1,054,175	2,624,175
2014	1,630,000	990,175	2,620,175
2015	1,700,000	923,575	2,623,575
2016-2020	8,505,000	3,562,575	12,067,575
2021-2025	8,670,000	1,856,925	10,526,925
2026-2029	<u>4,020,000</u>	<u>182,925</u>	<u>4,202,925</u>
Totals	<u>\$ 29,045,000</u>	<u>10,860,900</u>	<u>39,905,900</u>

#### *Lease Revenue Bonds*

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 348,600	43,346	391,946
2012	360,770	27,013	387,783
2013	165,240	23,125	188,365
2014	60,000	26,806	86,806
2015	65,000	23,681	88,681
2016-2020	370,000	66,916	436,916
2021-2024	<u>80,000</u>	<u>2,000</u>	<u>82,000</u>
Totals	<u>\$ 1,449,610</u>	<u>212,887</u>	<u>1,662,497</u>



**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued)**

*Capital Leases*

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,194,239	122,312	1,316,551
2012	413,279	82,466	495,745
2013	195,240	66,016	261,256
2014	149,800	58,369	208,169
2015	155,210	51,382	206,592
2016-2020	386,024	175,420	561,444
2021-2025	250,000	114,625	364,625
2026-2030	<u>315,000</u>	<u>44,125</u>	<u>359,125</u>
Totals	<u>\$ 3,058,792</u>	<u>714,715</u>	<u>3,773,507</u>

*Tax Allocation Bonds*

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,400,000	2,532,022	3,932,022
2012	1,540,000	2,469,022	4,009,022
2013	1,605,000	2,400,322	4,005,322
2014	1,680,000	2,328,657	4,008,657
2015	1,750,000	2,253,588	4,003,588
2016-2020	10,065,000	9,966,948	20,031,948
2021-2025	12,770,000	6,936,450	19,706,450
2026-2030	12,250,000	3,758,753	16,008,753
2031-2035	6,910,000	1,498,155	8,408,155
2036-2037	<u>1,600,000</u>	<u>80,000</u>	<u>1,680,000</u>
Totals	<u>\$ 51,570,000</u>	<u>34,223,917</u>	<u>85,793,917</u>

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 6. LONG-TERM DEBT (Continued)

##### *Business Type Activities*

**Public Financing Authority 1996 Revenue Bonds** - In February 1996, the City issued \$6,440,000 in Lease Revenue Refunding Bonds; Series 1996 to advance refund \$5,915,000 of outstanding 1989 Lease Revenue Bonds. Improvements, initially financed with 1989 lease revenue bonds, and which have been completed include a Reservoir Telemetry Control System, installation of two emergency electrical generators used to pump water in the event of electrical failure, fuel tanks, and replacement of 16,600 feet of water mains.

The 1996 Bonds bear interest at 3.0% to 5.2% and are due serially each June 1. Interest payments are due semi-annually on December 1 and June 1. 1996 Bonds maturing on or after June 1, 2005 may be prepaid on any date beginning June 1, 2004 at par plus 2%. The prepayment price decreases one-half of one percent each year until June 1, 2006, at which time the 1996 Bonds may be prepaid at par.

**2001 Water System Improvement Project Certificates of Participation** - On October 24, 2001 the City issued \$5,030,000 in Certificates of Participation to finance construction of the Hesperian Booster Pump Station. The 2001 COPs bear interest at 2.0% to 4.75% and are due semi-annually on April 1 and October 1, commencing April 1, 2002. Principal payments are due annually on October 1. 2001 COPs maturing on or after October 1, 2012 may be prepaid, on any payment date beginning October 1, 2011 at par.

**2004 Water System Improvement Project Certificates of Participation** - In January 2004, the City issued \$6,845,000 in Certificates of Participation to the design and construction of a new booster pump station. The 2004 COPs are payable from net revenue from operations of the City's water system. The 2004 COPs bear interest serially of 2.0% to 4.375% and are due serially on October 1. Interest payments are due semi-annually on April 1 and October 1.

**2007 Sewer Refunding Certificates of Participation** - The City's 2007 Sewer Refunding Certificates of Participation are due August 1, 2026 and bear interest at rates of 4.0% and 4.5%. The proceeds from the 2007 Certificates of Participation were used to advance refund the remaining outstanding balance on the City's 1996 Sewer System Improvement Certificates of Participation and the 1998 Sewer System Improvement Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. Certificates maturing on or after August 1, 2017 are subject to optional prepayment by the City after this date. Interest payments are due on February 1 and August 1 of each year through maturity in 2018.

**CITY OF HAYWARD, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued)**

**State Water Resources Control Board Loan** - In June 2006, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. Under the terms of the contract, the City has agreed to repay \$54,550,018 to the State in exchange for receiving \$45,458,167 in proceeds used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$9,091,852 upon issue and represents in-substance interest on the outstanding balance. As of June 30, 2010, the City's gross repayment obligation totaled \$51,824,624 and has a corresponding prepayment of interest expense for \$7,255,880. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

At June 30, 2010 annual debt services requirements to maturity for business-type activities long-term debt including interest payments, were as follows:

***Revenue Bonds***

<b><u>Year Ending June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 460,000	102,600	562,600
2012	485,000	79,600	564,600
2013	515,000	54,865	569,865
2014	<u>550,000</u>	<u>28,600</u>	<u>578,600</u>
Totals	<u>\$ 2,010,000</u>	<u>265,665</u>	<u>2,275,665</u>

***Lease Revenue Bonds***

<b><u>Year Ending June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 131,400	35,661	167,061
2012	139,230	29,293	168,523
2013	<u>144,759</u>	<u>12,932</u>	<u>157,691</u>
Totals	<u>\$ 415,389</u>	<u>77,886</u>	<u>493,275</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued)**

*Certificate of Participation (COP)*

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,370,000	628,288	1,998,288
2012	1,425,000	577,688	2,002,688
2013	1,490,000	525,831	2,015,831
2014	1,535,000	471,781	2,006,781
2015	1,600,000	414,947	2,014,947
2016-2020	4,925,000	1,287,828	6,212,828
2021-2025	3,520,000	481,916	4,001,916
2026-2028	<u>345,000</u>	<u>16,507</u>	<u>361,507</u>
Totals	<u>\$ 16,210,000</u>	<u>4,404,786</u>	<u>20,614,786</u>

*State Water Resources Control Board*

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,727,501	785,211	3,512,712
2012	2,725,394	750,192	3,475,586
2013	2,725,394	714,541	3,439,935
2014	2,725,394	678,247	3,403,641
2015	2,725,394	641,299	3,366,693
2016-2020	13,626,969	2,628,535	16,255,504
2021-2025	13,626,969	1,599,637	15,226,606
2026-2029	<u>10,941,609</u>	<u>467,555</u>	<u>11,409,164</u>
Totals	<u>\$ 51,824,624</u>	<u>8,265,217</u>	<u>60,089,841</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LEASING ARRANGEMENTS**

Certificates of Participation, Lease Revenue Bonds and Capital Leases are issued for the purpose of financing the construction or acquisition of projects defined in each leasing arrangement. Projects are leased to the City for lease payments which, together with unspent proceeds of the leasing arrangement, will be sufficient to meet the debt service obligations of the leasing arrangement. At the termination of the leasing arrangement title to the project will pass to the City.

Leasing arrangements are similar to debt; they allow investors to participate in a share of guaranteed payments, which are made by the City. Because they are similar to debt, the present value of the total of the payments to be made by the City is recorded as long-term debt. The City's leasing arrangements are included in long term obligations discussed in the preceding note.

A summary of capital assets leased follows:

	<b>Original Cost</b>
<b>Governmental Activity:</b>	
Boys & Girls Club Site Lease	\$ 1,215,000
Police Motorola Radios	1,599,523
<b>Internal Service Funds:</b>	
<b>Fleet Management:</b>	
Trucks, Pickup, Cars	1,656,763
City Vehicles	1,290,863
<b>Facilities:</b>	
Solar Energy	1,035,000
<b>Technology:</b>	
Computer Mainframe Upgrade	491,602
VOIP Equipment	1,300,927

## **CITY OF HAYWARD, CALIFORNIA**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

#### **8. SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT**

The City has sponsored special assessment debt issues under which it has no legal or moral liability with respect to repayment of the debt and therefore does not include this debt in the City's Governmental Activity. A summary of such debt follows:

In June 1994 the Local Improvement District No. 16, Garin Avenue, issued Limited Obligation Improvement Bonds in the original principal amount of \$3,000,000 to finance construction of a water system within the District. Outstanding debt at June 30, 2010 was \$1,700,000.

In July 1997 the Local Improvement District No. 16 issued additional Limited Obligation Improvement Bonds in the original principal amount of \$50,952. Outstanding debt at June 30, 2010 was \$5,500.

In June 1999 the Local Improvement District No. 17, Twin Bridges Community Park, issued Limited Obligation Improvement Bonds in the original principal amount of \$396,014 to finance improvements within the District. Outstanding debt at June 30, 2010 was \$300,000.

In July 2002 the Community Facilities District No. 1, Eden Shores issued Special Tax Bonds in the original principal amount of \$9,965,000 to finance improvements within the District. Outstanding debt at June 30, 2010 was \$9,525,000.

#### **9. DEFICIT FUND BALANCES**

The Workers' Compensation Insurance Internal Service Fund and the General Liability Internal Service Fund reflected accumulated deficits of \$3,058,427, and \$121,421 respectively, at June 30, 2010. These deficits are expected to be eliminated through future interfund charges.

#### **10. ACCRUED RECLAMATION COSTS**

To comply with regulatory requirements imposed by the California Regional Water Quality Control Board and the Alameda County Department of Environmental Health, the City expects to incur reclamation costs associated with an abandoned 60 acre landfill site. Such costs represent placing an 18-inch vegetative cover over the landfill site as well as ongoing monitoring costs. As of June 30, 2010, the City expects to incur \$67,261 for remaining reclamation costs, funded from operating revenue of the Sewer Enterprise Fund. Reclamation payments totaled \$85,296 for the year ended June 30, 2010. Reclamation costs are accrued in the Sewer Enterprise Fund. Actual costs may be higher due to inflation, changes in technology, or changes in State or federal regulations.

## **CITY OF HAYWARD, CALIFORNIA**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

#### **11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS**

The City of Hayward contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Miscellaneous and safety participants are required to contribute 8% to 9%, respectively, of their annual covered salary. The City makes agreed upon contributions required of City employees on their behalf and for their account for non-safety employees only. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2009 to June 30, 2010 has been determined by an actuarial valuation of the plan as of June 30, 2007. The employee required contribution rate indicated for the period is 28.685% of payroll for the police safety plan, 25.902% for the fire safety plan and 11.351% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2010, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2009 to June 30, 2010.

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS (Continued)

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2007	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date	32 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period.

Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 11. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS (Continued)

#### Police Safety Plan:

<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Assets</u>	Actuarial		<u>Annual Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
			<u>Unfunded (Overfunded) Liability</u>	<u>Funded Ratio</u>		
2007	\$193,243,567	158,203,068	35,040,499	81.90%	18,507,710	189.30%
2008	213,582,862	170,318,181	43,264,681	79.70%	21,154,343	204.50%
2009	232,210,728	177,072,753	55,137,975	76.30%	20,412,494	270.12%

#### Fire Safety Plan:

<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Assets</u>	Actuarial		<u>Annual Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
			<u>Unfunded (Overfunded) Liability</u>	<u>Funded Ratio</u>		
2007	\$161,969,773	136,667,203	25,302,570	84.40%	13,680,513	185.00%
2008	176,978,776	145,409,830	31,568,946	82.20%	15,141,749	208.50%
2009	188,893,249	150,123,772	38,769,477	79.50%	14,668,974	264.30%

#### Miscellaneous Plan:

<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Assets</u>	Actuarial		<u>Annual Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
			<u>Unfunded (Overfunded) Liability</u>	<u>Funded Ratio</u>		
2007	\$241,062,267	220,029,799	21,032,468	91.30%	35,659,888	59.00%
2008	260,901,585	234,622,155	26,279,430	89.90%	39,495,060	66.50%
2009	301,787,752	243,588,232	58,199,520	80.80%	38,112,160	152.71%

#### Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 6,305,286	4,004,190	4,671,846	100%	-
6/30/2009	6,034,197	3,814,165	4,629,346	100%	-
6/30/2010	6,034,330	3,752,226	4,341,058	100%	-

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 12. PUBLIC AGENCY RETIREMENT SYSTEM

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective January 1, 1992, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers part-time, seasonal and temporary employees and all employees not covered by another retirement system. All eligible employees covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions. The City Council by resolution has provided the authority to establish or amend the plan provisions and contributions requirements, subject to the constraints and limitations imposed by PARS to the City Manager.

Under PARS employees contribute 3.750% and the City contributes 3.750% of the employees' salary each pay period. For the fiscal year ending June 30, 2010, total contributions of \$45,398 were made based on a total amount of covered compensation of \$605,135.

#### 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

*Plan Description:* The City provides postretirement health care benefits, in accordance with memoranda of understanding between the City and various collective bargaining units. The City has established a trust fund which is administered by CalPers for the purpose of holding assets accumulated for plan benefits.

*Eligibility:* Retired employees are eligible for reimbursement of medical premiums, up to the negotiated amounts if the employee is a member of the City's bargaining unit that has negotiated this benefit and the employee has met the vesting requirements for their unit. The employee must have attained age 50, an be enrolled in a medical plan offered by the CalPERS system, and must retire from the City within 120 days of the effective date of separation from employment. Membership of the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	507
Active plan members	<u>759</u>
Total Receiving Benefits	<u>1,266</u>

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

**City's Funding Policy:** The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements has two components: 1) a pay-as-you-go basis, in which monthly payments to retirees to reimburse a portion of their medical insurance premiums; and 2) the City has established a California Employers Retiree Benefit Trust that is administered by CalPERS for the purpose of holding assets accumulated for employee retiree plan benefits, this Trust was established in January 2009. The only contributor into the Trust in 2010 included 1% of firefighter salaries per their MOU agreement. The City's policy for contributing to this Trust varies based on bargaining unit. The City has not established a city-wide funding policy, but will begin setting aside a minimum of 1% of safety employee payroll in fiscal years beginning July 1, 2010. The trust financial statements can be obtained at CalPERS P.O. Box 942703, Sacramento, CA 94229. For fiscal year 2009-10, the City paid \$2,098,124 to retirees for current premiums and \$232,737 was contributed to the CalPers Trust Fund. Amounts contributed to the trust for any employee group may be used to pay benefits of any group

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 5,710,526
Interest on net OPEB obligation	209,581
Adjustments to annual required contributions	<u>(209,581)</u>
Annual OPEB cost (expense)	5,710,526
Contributions made (including premiums paid)	<u>(2,330,861)</u>
Increase in net OPEB obligation	3,379,665
Net OPEB obligation-beginning of year	<u>4,412,236</u>
Net OPEB obligation-end of year	<u><u>\$ 7,791,901</u></u>

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	N/A	N/A	N/A
6/30/2009	\$6,471,992	31.83%	4,412,236
6/30/2010	5,710,526	40.82%	7,791,901

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included a 4.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized as a level percentage of projected payroll a 30 year closed period. It is assumed the City's payroll will increase 3.5 percent per year. The cost of living, as measured by the Consumer Price Index, is assumed to increase at the rate of 3 percent annually. The medical inflation rate for healthcare benefits are 6.5% for 2011, 5.5% for 2012, and 4.5% thereafter.

### SCHEDULE OF FUNDING PROGRESS

#### Miscellaneous

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
6/30/2006	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2007	\$ -	23,630,852	23,630,852	0%	32,554,020	72.59%
6/30/2009	-	17,689,982	17,689,982	0%	34,031,772	51.98%

#### Fire

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
6/30/2006	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2007	\$ -	9,883,767	9,883,767	0%	13,252,058	74.58%
6/30/2009	-	16,717,981	16,717,981	0%	10,949,127	152.69%

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

#### Police

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
6/30/2006	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2007	\$ -	37,242,641	37,242,641	0%	18,648,792	199.71%
6/30/2009	-	28,005,965	28,005,965	0%	17,169,192	163.12%

### 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; natural disasters. The City is self-insured for its general liability, workers' compensation, malpractice liability, and general and auto liability. The City has established a risk financing internal service fund where assets are set aside for claim settlements associated with the above risks of loss up to certain limits.

Type of Coverage	Self-Insurance	Coverages and Limits
General liability	\$0 - \$250,000 per occurrence	\$250,000 - \$15,000,000
Workers' compensation	\$0 - statutory limits	None
Property	\$0 - \$500,000 per occurrence	\$250,000 - \$350,000,000
Airport	\$0 - \$1,000 per occurrence	\$1,000 - \$20,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$1,000,000 - \$100,000,000
Accidental medical expense	None	\$5,000 per occurrence

Amounts in excess of the insured limits are self-insured. The City is self insured for workers' compensation claims.

The City is a member of the Exclusive Risk Management Authority of California (formally known as CA Risk Management Authority) JPA for general municipal liability insurance coverage.

**Self-Insurance** - The City records estimated liabilities for general liability claims filed or expected to be filed in the General Liability Internal Service Fund. As of June 30, 2010, the recorded liability was \$724,642. Charges to the General Fund and other funds are determined from an analysis of self-insured claim costs and recorded as operating transfers from such funds to the General Liability Fund.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 14. RISK MANAGEMENT, (Continued)

The City records estimated liabilities for workers' compensation claims filed or expected to be filed in the Worker's Compensation Insurance Internal Service Fund. As of June 30, 2010, the recorded liability was \$4,379,707. Premiums are paid to the Insurance Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

The unpaid workers' compensation claims liabilities included in the Worker's Compensation Insurance Internal Service Fund are based on the results of an actuarial study and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. In addition, the liability is discounted using an annual interest rate of 6%.

Property damage risks are covered on an occurrence basis up to the deductibles listed above by commercial insurance, Driver Alliant Insurance Services Inc., purchased from independent third parties. All properties are insured at full replacement values. During the past three years there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded insurance coverage.

Changes in the balances of claims liabilities, including a provision for claims incurred but not reported, during the past two fiscal years are as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of fiscal year	\$ 6,008,856	5,879,925
Incurred claims	4,589,485	11,493,121
Claims payments	(3,413,987)	(4,805,618)
Increase (decrease) in estimated liability	(2,096,348)	(2,258,572)
Limited to SIR	<u>-</u>	<u>(4,300,000)</u>
Unpaid claims, end of fiscal year	<u>\$ 5,088,006</u>	<u>6,008,856</u>

There are no outstanding claims for which an annuity contract has been purchased in the claimant's name, and therefore removed from the liability.

#### 15. JOINT POWERS AGREEMENTS

The East Bay Dischargers Authority ("EBDA") was established in 1974 under the Joint Exercise of Powers Act of the State of California by the Cities of Hayward and San Leandro, and the Ora Loma, Castro Valley, and Union Sanitary Districts for the purpose of planning, acquiring, constructing, managing and operating common use and individual wastewater treatment and disposal facilities for the member agencies.

## CITY OF HAYWARD, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 15. JOINT POWERS AGREEMENTS, (Continued)

The governing body of EBDA consists of five members, one appointed by each of the member agencies. The City exercises a weighted vote of 20.7% of the total vote. As a separate legal entity, EBDA exercises full powers and authorities within the scope of the Joint Powers Agreement. Obligations and liabilities of EBDA are not those of the member agencies.

The financial activities for EBDA are not included in the accompanying financial statements as it is administered by a board separate from and independent of the City. Transactions with and the investment in the joint powers agency are accounted for as follows:

- (a) Payments related to the services which the City received during fiscal year 2010 amounted to \$553,653 and are recorded as materials, supplies and services expenses.
- (b) Payments related to the City's long-term investment in the joint powers agency, for which the City has the ability to exercise significant influence over operating and financial policies, are recorded as an investment in the East Bay Dischargers Authority under the equity method. The City's equity approximates one-third of the total assets of EBDA and amounts to \$11,924,918 at June 30, 2010.

The investment in East Bay Dischargers Authority is valued as of June 30, 2009, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2009 (the most recent audited financial information available) for EBDA's common use operations was as follows:

Assets	
Current	\$ 4,543,794
Capital assets, net	<u>32,013,644</u>
Total	<u>\$36,557,438</u>
Liabilities	\$ 421,323
Net assets	<u>36,136,115</u>
Total	<u>\$36,557,438</u>
Revenues	\$ 2,879,520
Expenses	(3,385,892)
Non-operating revenues	558,596
Non-operating expenses	(461,854)
Other financing sources	<u>549</u>
Change in net assets	<u>\$ (409,081)</u>



**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**15. JOINT POWERS AGREEMENTS, (Continued)**

Complete financial statements of EBDA can be obtained from:

City of Hayward  
Finance Department, 3<sup>rd</sup> Floor  
777 B Street  
Hayward, California 94541

**16. COMMITMENTS AND CONTINGENCIES**

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

The City has an agreement with its bank under which the bank is authorized to cover overdrafts from the City's bank account and to cover liquidity requirements. The lines have a maximum amount of \$4,000,000; bear interest at the bank's reference rate. At June 30, 2010, there were no overdrafts.

**17. CONDUIT DEBT WITHOUT CITY COMMITMENT**

On March 26, 1998, the City assisted in the issuance of \$9,500,000 in Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1998A for the purpose of providing funds to make a loan to Santa Clara Associates, LLC to provide permanent financing for a multifamily rental housing project known as the Timbers Apartments Project. Interest on the bonds is payable monthly commencing April 1, 1998. Principal on the Bonds is due March 1, 2023. The City has no legal or moral commitment for the repayment of these bonds.

On August 15, 2001, the City sponsored the issuance of the City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds (Lord Tennyson Apartments), 2001 Series A which were issued in the aggregate principal amount of \$6,450,000 to assist a developer in financing the acquisition and rehabilitation of a 96-unit multifamily complex located in Hayward. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On January 6, 2004 the City sponsored the issuance of the second supplement of the 1984A City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds, (Shorewood Apartment Project) which were issued in the aggregate principal amount of \$33,100,000 to refinance prior bonds used to finance the acquisition and construction of a 544-unit multifamily rental housing complex. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

## **CITY OF HAYWARD, CALIFORNIA**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

#### **17. CONDUIT DEBT WITHOUT CITY COMMITMENT, (Continued)**

On April 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Lord Tennyson Apartments) 2005 Series A and 2005 Series A-T which were issued in the aggregate principal amount of \$14,625,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

On October 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Las Casitas of Hayward) 2005 Series A which were issued in the aggregate principal amount of \$6,325,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

On November 28, 2006, the City sponsored the issuance of Multi-Family Housing Revenue Bonds (Saklan Family Housing Development) 2006 Series A which were issued in the aggregate principal amount of \$14,000,000 to assist in the construction and development 78-unit Saklan Family Housing project. The City has no legal or moral liability with respect to the payment of this debt.

# CITY OF HAYWARD, CALIFORNIA

## NOTES TO BASIC FINANCIAL STATEMENTS

### 18. FUND BALANCE RESERVES AND DESIGNATIONS

At June 30, 2010, fund balances for governmental fund types consisted of the following reservations and designations:

	General	Redevelopment Agency Capital Projects	Route 238 Settlement	Route 238 Corridor Improvement	Other Governmental Funds
Reserved for:					
Encumbrances	\$ 256,170	-	-	-	-
Advances to other funds	9,144,570	-	-	-	-
Inventory	18,946	-	-	-	-
Land held for resale	-	10,272,570	-	2,400,000	-
Prepaid items	14,893	-	-	180,575	-
Total reserved fund balances	<u>9,434,579</u>	<u>10,272,570</u>	<u>-</u>	<u>2,580,575</u>	<u>-</u>
Designated for:					
Capital improvement programs	-	1,770,214	5,964,435	799,110	5,647,999
Special revenue programs	-	-	-	-	16,088,878
Low and moderate income housing	-	-	-	-	-
Debt service	-	-	-	-	4,171,034
Economic uncertainty	9,350,000	-	-	-	-
Liquidity	4,675,000	-	-	-	-
Hotel/ Conference center	1,000,000	-	-	-	-
Retirement reserve	522,000	-	-	-	-
Public safety	1,000,000	-	-	-	-
Contingencies	10,820,200	-	-	-	-
Total designated fund balances	<u>27,367,200</u>	<u>1,770,214</u>	<u>5,964,435</u>	<u>799,110</u>	<u>25,907,911</u>
Total reserved and designated fund balance	<u>\$ 36,801,779</u>	<u>12,042,784</u>	<u>5,964,435</u>	<u>3,379,685</u>	<u>25,907,911</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**19. SUBSEQUENT EVENTS**

The city entered into three capital equipment leases totaling \$3.2 million with Deutsche Bank in October 27, 2010 totaling \$3.2 million. The first was a master lease for \$1,991,524 for the purchase of three fire trucks. The second and third were two sub-leases for an additional \$818,557 and \$360,000 respectively for street sweepers and police vehicles.

The city awarded a public works construction contract in July 20, 2010 to Top Grade Construction for \$50,297,424 which is for the Route 238 Corridor Improvements Project.

# CITY OF HAYWARD

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## Major Governmental Funds Budget and Actual Schedules

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CITY OF HAYWARD  
Redevelopment Agency Capital Projects Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
REVENUES:				
Property taxes	\$ 10,488,823	10,180,653	(308,170)	12,630,213
Investment income	256,062	292,457	36,395	999,448
Use of property	50,000	50,000	-	29,127
Charges for current services	-	385	385	23
Park developer fees	-	79,484	79,484	166,223
School District reimbursement	118,119	484,205	366,086	381,868
Other revenue	147,612	172,108	24,496	72,144
	<u>11,060,616</u>	<u>11,259,292</u>	<u>198,676</u>	<u>14,279,046</u>
Total revenues				
EXPENDITURES:				
Redevelopment	15,395,431	5,279,314	10,116,117	1,415,919
Capital outlay	-	739,255	(739,255)	5,753,673
Pass-through payments	2,635,133	5,660,618	(3,025,485)	1,973,029
	<u>18,030,564</u>	<u>11,679,187</u>	<u>6,351,377</u>	<u>9,142,621</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,969,948)</u>	<u>(419,895)</u>	<u>6,550,053</u>	<u>5,136,425</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	7,578
Transfers out	(5,887,061)	(5,930,936)	(43,875)	(5,701,263)
	<u>(5,887,061)</u>	<u>(5,930,936)</u>	<u>(43,875)</u>	<u>(5,693,685)</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCE	(12,857,009)	(6,350,831)	6,506,178	(557,260)
BEGINNING FUND BALANCE	18,393,615	18,393,615	-	18,950,875
ENDING FUND BALANCE	<u>\$ 5,536,606</u>	<u>12,042,784</u>	<u>6,506,178</u>	<u>18,393,615</u>

CITY OF HAYWARD  
Route 238 Settlement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	<u>\$ -</u>	<u>31,351</u>	<u>31,351</u>	<u>-</u>
Total revenues	<u>-</u>	<u>31,351</u>	<u>31,351</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	<u>6,000,000</u>	<u>66,916</u>	<u>5,933,084</u>	<u>-</u>
Total expenditures	<u>6,000,000</u>	<u>66,916</u>	<u>5,933,084</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,000,000)</u>	<u>(35,565)</u>	<u>5,964,435</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>-</u>	<u>5,964,435</u>	<u>5,964,435</u>	<u>-</u>
BEGINNING FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>5,964,435</u>	<u>5,964,435</u>	<u>-</u>



CITY OF HAYWARD  
Route 238 Corridor Improvement Project  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ 158,000	5,241	(152,759)	226,460
Intergovernmental	12,110,000	8,723,101	(3,386,899)	19,052,338
Rental income	-	314,590	314,590	309,579
Project revenues	-	27,423	27,423	22,646
Other	-	-	-	6,147
	<u>12,268,000</u>	<u>9,070,355</u>	<u>(3,197,645)</u>	<u>19,617,170</u>
Total revenues				
EXPENDITURES:				
Capital outlay	<u>13,057,286</u>	<u>8,099,492</u>	<u>4,957,794</u>	<u>18,387,454</u>
Total expenditures	<u>13,057,286</u>	<u>8,099,492</u>	<u>4,957,794</u>	<u>18,387,454</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(789,286)</u>	<u>970,863</u>	<u>1,760,149</u>	<u>1,229,716</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(11,541,000)</u>	<u>(11,740,689)</u>	<u>(199,689)</u>	<u>(5,500,000)</u>
Total other financing sources (uses)	<u>(11,541,000)</u>	<u>(11,740,689)</u>	<u>(199,689)</u>	<u>(5,500,000)</u>
Change in fund balance	(12,330,286)	(10,769,826)	1,560,460	(4,270,284)
BEGINNING FUND BALANCES	<u>14,149,511</u>	<u>14,149,511</u>	<u>-</u>	<u>18,419,795</u>
ENDING FUND BALANCES	<u>\$ 1,819,225</u>	<u>3,379,685</u>	<u>1,560,460</u>	<u>14,149,511</u>

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# CITY OF HAYWARD

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## Non-Major Governmental Funds

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

*Special Gasoline Tax Fund* - Accounts for revenue apportioned to the City from State collected gasoline taxes and expended for construction and maintenance of City streets.

*HCD Deferred Loans Fund* - Accounts for funds granted by HUD and used for loans to rehabilitate properties of qualified homeowners.

*Housing Mortgage Revenue Bonds Fund* - Accounts for fees paid by benefited developers of multifamily rental housing and used to reimburse City cost related to bond issuance and program monitoring.

*Park Dedication Ordinance Fund* - Accounts for park dedication fees applied to new construction and expended for acquisition of recreational land and construction of recreational facilities.

*Business Improvement Fund* - Accounts for fees imposed on businesses within the downtown business improvement district and expended on activities, which enhance the district as a shopping and business center.

*Donation Fund* - Accounts for miscellaneous donations expended for purposes agreed upon by the City and the donors.

*HOME Investment in Affordable Housing Fund (HOME)* - Accounts for monies received from HUD through the Alameda County Housing Consortium and expended for acquisition, rehabilitation and new construction of affordable housing and tenant-based rental assistance.

*Federal Rental Rehabilitation Grant Program Fund* - Accounts for grants from HUD used to rehabilitate rental property.

*Community Development Block Grant Program Fund* - Accounts for monies received from the U.S. Department of Housing and Urban Development ("HUD") and expended for development of jobs and suitable housing for low-income residents.

*Recycling Fund* - Accounts for revenue received from County Measure D funds, curbside recycling and multifamily recycling service fees, and grants used to support the City's recycling program.

*Narcotics Asset Seizure Fund* - Accounts for funds received pursuant to federal and State narcotic and seizure laws used to support identified law enforcement activities.

*Local Law Enforcement Block Grant Fund* - Accounts for funds received as block grant from the Department of Justice, Bureau of Justice Assistance, to support law enforcement.

*Citizens' Option For Public Safety Fund* - Accounts for funds received pursuant to State legislation, which provides resources, to fight crime and protect public safety at the local level.

*Park Maintenance District Fund* - Accounts for revenues from annual assessments of developers' proportionate shares of the City's costs for park maintenance in the areas of the developers' projects and accounts for the actual park maintenance costs.

## **NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

*Measure B Transportation Sales Tax Fund* - Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for street maintenance projects.

*Measure B Paratransit Fund* - Accounts for the provision of taxi and van transportation for the elderly and the handicapped.

*Measure B Pedestrian Fund* - Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for pedestrian projects.

*Neighborhood Stabilization Program Fund* - Accounts for funds received from the State of California Department of Housing and Community Development (HCD) under Title III of the American Reinvestment and Recovery Act of 2009 (ARRA) for emergency assistance to acquire and develop foreclosed properties that might otherwise become sources of abandonment and blight within the community.

*Homelessness Prevention and Rapid Re-Housing Fund* - Accounts for funds received through the U.S. Department of Housing and Urban Development (HUD) as authorized by the American Reinvestment and Recovery Act of 2009 (ARRA) which may be used to prevent homelessness and/or rapidly re-house people who are already homeless.

*Energy Efficiency Conservation Fund* - Accounts for funds received from the U.S. Department of Energy as authorized by the American Reinvestment and Recovery Act of 2009 (ARRA) which will be used for energy efficiency programs, retrofit grants, residential and commercial energy audits, LED streetlights, and a sustainability coordinator.

## **DEBT SERVICE FUNDS**

*Debt Service Fund* - Accounts for transfers of revenue from the general and capital projects funds for payment of interest and principal of certificates of participation.

*Redevelopment Agency Fund* - Accounts for tax increment revenues transferred for the payment of interest and principal of the Redevelopment Agency's 2004 and 2006 tax allocation bonds.

## **CAPITAL PROJECTS FUNDS**

*General Capital Projects Fund* - Accounts for general fund or special revenue fund transfers expended for acquisition and construction of general purpose public facilities, street surfacing and improvements.

*Traffic Signal Construction Fund* - Accounts for traffic signal fees paid by developers of residential housing and expended for installation of traffic signal equipment.

*Special Assessments Fund* - Accounts for revenue received from special assessments against benefited property for payment of interest and principal of special assessment bonds.

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CITY OF HAYWARD  
Non-major Governmental Funds  
Combining Balance Sheet  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax	HCD Deferred Loans	Housing Mortgage Revenue Bonds	Park Dedication Ordinance	Business Improvement	Donation
<b>ASSETS</b>						
Cash and investments	\$ 320,264	34,508	2,069,743	2,673,683	202,473	231,647
Cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	9,981	-	50
Due from other governments	264,786	-	-	-	-	-
Loans receivable	-	73,631	175,500	-	-	-
Interest receivable	1,433	88	5,315	6,770	501	589
Deposits	-	-	-	-	68	-
Total assets	<u>\$ 586,483</u>	<u>108,227</u>	<u>2,250,558</u>	<u>2,690,434</u>	<u>203,042</u>	<u>232,286</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	-	-	-	17,272	2,681
Accrued liabilities	-	-	2,282	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	73,631	175,500	-	-	-
Refundable deposits	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>73,631</u>	<u>177,782</u>	<u>-</u>	<u>17,272</u>	<u>2,681</u>
<b>FUND BALANCES</b>						
Unreserved, reported in:						
Special revenue funds	586,483	34,596	2,072,776	2,690,434	185,770	229,605
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>586,483</u>	<u>34,596</u>	<u>2,072,776</u>	<u>2,690,434</u>	<u>185,770</u>	<u>229,605</u>
Total liabilities and fund balances	<u>\$ 586,483</u>	<u>108,227</u>	<u>2,250,558</u>	<u>2,690,434</u>	<u>203,042</u>	<u>232,286</u>



**SPECIAL REVENUE FUNDS**

<b>HOME</b>	<b>Federal Rental Rehabilitation Grant Program</b>	<b>Community Development Block Grant</b>	<b>Recycling</b>	<b>Narcotics Asset Seizure</b>	<b>Local Law Enforcement Block Grant</b>	<b>Citizens' Option For Public Safety Fund</b>	<b>Park Maintenance District</b>
-	28,456	3,124,237	1,310,027	108,569	408	-	2,584,116
-	-	-	-	-	-	-	-
-	-	-	-	-	-	69,443	-
24,286	-	-	18,519	-	-	-	7,970
6,950,000	-	3,456,346	-	-	-	-	-
-	-	5,401	3,585	276	-	-	6,586
-	-	-	-	-	-	-	-
<u>6,974,286</u>	<u>28,456</u>	<u>6,585,984</u>	<u>1,332,131</u>	<u>108,845</u>	<u>408</u>	<u>69,443</u>	<u>2,598,672</u>
7,480	-	83,275	157,033	1,161	-	-	158,055
-	-	12,180	5,895	-	-	-	-
14,948	-	-	-	-	-	-	-
6,950,000	-	3,456,346	-	-	-	-	-
-	-	2,200	-	-	-	-	20,000
<u>6,972,428</u>	<u>-</u>	<u>3,554,001</u>	<u>162,928</u>	<u>1,161</u>	<u>-</u>	<u>-</u>	<u>178,055</u>
1,858	28,456	3,031,983	1,169,203	107,684	408	69,443	2,420,617
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,858</u>	<u>28,456</u>	<u>3,031,983</u>	<u>1,169,203</u>	<u>107,684</u>	<u>408</u>	<u>69,443</u>	<u>2,420,617</u>
<u>6,974,286</u>	<u>28,456</u>	<u>6,585,984</u>	<u>1,332,131</u>	<u>108,845</u>	<u>408</u>	<u>69,443</u>	<u>2,598,672</u>

(Continued)

CITY OF HAYWARD  
Non-major Governmental Funds  
Combining Balance Sheet  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	SPECIAL REVENUE FUND					
	Measure B Retail Sales Tax	Measure B Paratransit	Measure B Pedestrian	Neighborhood Stabilization Program	Homelessness Prevention	Energy Efficiency Conservation
<b>ASSETS</b>						
Cash and investments	1,843,942	159,844	504,474	274,865	-	-
Cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	409,522	146,423	83,775	-	53,376	46,100
Loans receivable	-	-	-	729,706	-	-
Interest receivable	4,609	570	1,248	1,336	-	-
Deposits	-	-	-	-	-	-
Total assets	<u>2,258,073</u>	<u>306,837</u>	<u>589,497</u>	<u>1,005,907</u>	<u>53,376</u>	<u>46,100</u>
<b>LIABILITIES</b>						
Accounts payable	1,590	33,097	376	-	43,405	13,813
Accrued liabilities	-	2,278	-	-	-	-
Due to other funds	-	-	-	-	9,971	32,287
Deferred revenue	-	-	-	729,706	-	-
Refundable deposits	-	-	-	-	-	-
Total liabilities	<u>1,590</u>	<u>35,375</u>	<u>376</u>	<u>729,706</u>	<u>53,376</u>	<u>46,100</u>
<b>FUND BALANCES</b>						
Unreserved, reported in:						
Special revenue funds	2,256,483	271,462	589,121	276,201	-	-
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,256,483</u>	<u>271,462</u>	<u>589,121</u>	<u>276,201</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>2,258,073</u>	<u>306,837</u>	<u>589,497</u>	<u>1,005,907</u>	<u>53,376</u>	<u>46,100</u>

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				
	Redevelopment	General	Traffic		Total Nonmajor	
Debt Service	Agency	Capital	Signal	Special	Governmental Funds	
		Projects	Construction	Assessments	2010	2009
-	-	4,809,402	359,648	-	20,640,306	23,624,767
161,652	4,009,382	-	-	-	4,171,034	4,206,222
-	-	4,096	-	-	83,570	71,611
-	-	1,292,610	-	-	2,347,367	1,589,951
-	-	-	-	-	11,385,183	10,745,385
-	-	13,231	956	-	52,494	97,967
-	-	-	-	-	68	-
<u>161,652</u>	<u>4,009,382</u>	<u>6,119,339</u>	<u>360,604</u>	<u>-</u>	<u>38,680,022</u>	<u>40,335,903</u>
-	-	294,643	-	-	813,881	1,092,099
-	-	-	-	-	22,635	21,717
-	-	-	-	-	57,206	4,189
-	-	-	-	-	11,385,183	10,745,385
-	-	537,301	-	-	559,501	798,150
<u>-</u>	<u>-</u>	<u>831,944</u>	<u>-</u>	<u>-</u>	<u>12,838,406</u>	<u>12,661,540</u>
-	-	-	-	-	16,022,583	15,211,686
161,652	4,009,382	-	-	-	4,171,034	4,206,222
-	-	5,287,395	360,604	-	5,647,999	8,256,455
<u>161,652</u>	<u>4,009,382</u>	<u>5,287,395</u>	<u>360,604</u>	<u>-</u>	<u>25,841,616</u>	<u>27,674,363</u>
<u>161,652</u>	<u>4,009,382</u>	<u>6,119,339</u>	<u>360,604</u>	<u>-</u>	<u>38,680,022</u>	<u>40,335,903</u>

CITY OF HAYWARD  
Non-major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax	HCD Deferred Loans	Housing Mortgage Revenue Bonds	Park Dedication Ordinance	Business Improvement	Donation
REVENUES						
Other taxes	\$ 2,466,704	-	-	-	-	-
Licenses and permits	-	-	-	-	48,540	-
Fines and forfeitures	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	14,724	486	30,017	37,003	2,324	3,227
Rental income	-	-	149,823	-	-	-
Intergovernmental	38,082	-	-	-	-	-
Fees and charges for services	-	-	-	216,840	-	-
Other	-	-	-	30	321	35,354
Total revenues	<u>2,519,510</u>	<u>486</u>	<u>179,840</u>	<u>253,873</u>	<u>51,185</u>	<u>38,581</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	32,028
Public works and transportation	184,206	-	-	-	-	-
Library and community services	-	-	181,103	30,000	-	3,888
Planning and building	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Redevelopment	-	-	-	46,779	124,754	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal repayment	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>184,206</u>	<u>-</u>	<u>181,103</u>	<u>76,779</u>	<u>124,754</u>	<u>35,916</u>
EXCESS (DEFICIENCY) (OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,335,304</u>	<u>486</u>	<u>(1,263)</u>	<u>177,094</u>	<u>(73,569)</u>	<u>2,665</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	55,000	-
Transfers out	<u>(3,166,000)</u>	<u>-</u>	<u>(2,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,166,000)</u>	<u>-</u>	<u>(2,523)</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(830,696)	486	(3,786)	177,094	(18,569)	2,665
BEGINNING FUND BALANCES	<u>1,417,179</u>	<u>34,110</u>	<u>2,076,562</u>	<u>2,513,340</u>	<u>204,339</u>	<u>226,940</u>
ENDING FUND BALANCES	<u>\$ 586,483</u>	<u>34,596</u>	<u>2,072,776</u>	<u>2,690,434</u>	<u>185,770</u>	<u>229,605</u>

**SPECIAL REVENUE FUNDS**

<b>HOME</b>	<b>Federal Rental Rehabilitation Grant Program</b>	<b>Community Development Block Grant</b>	<b>Recycling</b>	<b>Narcotics Asset Seizure</b>	<b>Local Law Enforcement Block Grant</b>	<b>Citizens' Option For Public Safety Fund</b>	<b>Park Maintenance District</b>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	69,580	-	-	-
-	-	-	-	-	-	-	610,058
-	-	52,005	16,165	1,758	930	-	33,954
-	-	-	-	-	-	-	-
122,356	-	2,727,324	506,258	-	439,213	161,066	-
-	-	-	-	-	-	-	-
-	-	183,390	2,775	-	-	-	-
<u>122,356</u>	<u>-</u>	<u>2,962,719</u>	<u>525,198</u>	<u>71,338</u>	<u>440,143</u>	<u>161,066</u>	<u>644,012</u>
-	-	-	-	18,064	353,793	-	-
-	-	-	1,593,742	-	-	-	-
-	-	1,281,007	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	618,141
108,119	-	427,117	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	95,480	-	-	-	-	-
-	-	37,850	-	-	-	-	-
<u>108,119</u>	<u>-</u>	<u>1,841,454</u>	<u>1,593,742</u>	<u>18,064</u>	<u>353,793</u>	<u>-</u>	<u>618,141</u>
<u>14,237</u>	<u>-</u>	<u>1,121,265</u>	<u>(1,068,544)</u>	<u>53,274</u>	<u>86,350</u>	<u>161,066</u>	<u>25,871</u>
-	-	40,150	-	-	-	-	-
-	-	(100,079)	(45,295)	-	(85,942)	(91,623)	-
<u>-</u>	<u>-</u>	<u>(59,929)</u>	<u>(45,295)</u>	<u>-</u>	<u>(85,942)</u>	<u>(91,623)</u>	<u>-</u>
14,237	-	1,061,336	(1,113,839)	53,274	408	69,443	25,871
(12,379)	28,456	1,970,647	2,283,042	54,410	-	-	2,394,746
<u>1,858</u>	<u>28,456</u>	<u>3,031,983</u>	<u>1,169,203</u>	<u>107,684</u>	<u>408</u>	<u>69,443</u>	<u>2,420,617</u>

CITY OF HAYWARD  
Non-major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	SPECIAL REVENUE FUNDS					
	Measure B Retail Sales Tax	Measure B Paratransit	Measure B Pedestrian	Neighborhood Stabilization Program	Homelessness Prevention	Energy Efficiency Conservation
REVENUES						
Other taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	6,394	3,083	2,745	1,577	-	-
Rental income	-	-	-	-	-	-
Intergovernmental	1,602,681	830,080	654,872	1,031,811	130,248	101,248
Fees and charges for services	13,501	-	-	-	-	-
Other	4,995	54	-	-	-	-
Total revenues	<u>1,627,571</u>	<u>833,217</u>	<u>657,617</u>	<u>1,033,388</u>	<u>130,248</u>	<u>101,248</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Public works and transportation	863,110	-	469,395	-	-	-
Library and community services	-	677,297	-	757,187	130,248	-
Planning and building	-	-	-	-	-	101,248
Maintenance	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal repayment	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>863,110</u>	<u>677,297</u>	<u>469,395</u>	<u>757,187</u>	<u>130,248</u>	<u>101,248</u>
EXCESS (DEFICIENCY) (OF REVENUES OVER (UNDER) EXPENDITURES)	<u>764,461</u>	<u>155,920</u>	<u>188,222</u>	<u>276,201</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(11,831)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(11,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	764,461	144,089	188,222	276,201	-	-
BEGINNING FUND BALANCES	<u>1,492,022</u>	<u>127,373</u>	<u>400,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>2,256,483</u>	<u>271,462</u>	<u>589,121</u>	<u>276,201</u>	<u>-</u>	<u>-</u>

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				
	Redevelopment	General	Traffic	Special	Total Nonmajor	
Debt Service	Agency	Capital	Signal	Assessments	Governmental Funds	
		Projects	Construction		2010	2009
-	-	149,450	-	-	2,616,154	2,543,738
-	-	-	-	-	48,540	52,314
-	-	-	-	-	69,580	29,008
-	-	-	-	-	610,058	741,098
3,843	629	81,084	6,104	3,311	301,363	736,802
-	-	-	-	-	149,823	125,146
-	-	3,915,486	-	-	12,260,725	11,051,848
-	-	11,851	-	-	242,192	1,004,943
-	-	135,284	-	-	362,203	82,640
<u>3,843</u>	<u>629</u>	<u>4,293,155</u>	<u>6,104</u>	<u>3,311</u>	<u>16,660,638</u>	<u>16,367,537</u>
-	-	-	-	-	403,885	93,145
-	-	-	-	522,481	3,632,934	6,875,061
-	-	-	-	-	3,060,730	2,807,026
-	-	90	309	-	101,647	-
-	-	-	-	-	618,141	-
-	-	-	-	-	706,769	1,421,423
-	-	6,621,101	185,538	-	6,806,639	5,419,076
1,510,141	1,335,000	-	-	-	2,940,621	3,094,025
<u>1,265,701</u>	<u>2,605,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,909,415</u>	<u>4,033,121</u>
<u>2,775,842</u>	<u>3,940,864</u>	<u>6,621,191</u>	<u>185,847</u>	<u>522,481</u>	<u>22,180,781</u>	<u>23,742,877</u>
<u>(2,771,999)</u>	<u>(3,940,235)</u>	<u>(2,328,036)</u>	<u>(179,743)</u>	<u>(519,170)</u>	<u>(5,520,143)</u>	<u>(7,375,340)</u>
2,775,132	3,938,454	1,121,493	-	-	7,930,229	9,055,633
<u>(36,540)</u>	<u>-</u>	<u>(703,000)</u>	<u>-</u>	<u>-</u>	<u>(4,242,833)</u>	<u>(3,989,494)</u>
<u>2,738,592</u>	<u>3,938,454</u>	<u>418,493</u>	<u>-</u>	<u>-</u>	<u>3,687,396</u>	<u>5,066,139</u>
(33,407)	(1,781)	(1,909,543)	(179,743)	(519,170)	(1,832,747)	(2,309,201)
<u>195,059</u>	<u>4,011,163</u>	<u>7,196,938</u>	<u>540,347</u>	<u>519,170</u>	<u>27,674,363</u>	<u>29,983,564</u>
<u>161,652</u>	<u>4,009,382</u>	<u>5,287,395</u>	<u>360,604</u>	<u>-</u>	<u>25,841,616</u>	<u>27,674,363</u>

CITY OF HAYWARD  
Special Gasoline Tax  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Gas taxes	\$ 3,642,000	2,466,704	(1,175,296)	2,390,520
Investment income	2,000	14,724	12,724	6,345
Intergovernmental	110,000	38,082	(71,918)	138,206
Development fees	-	-	-	402
Other	<u>218,000</u>	<u>-</u>	<u>(218,000)</u>	<u>16</u>
Total revenues	<u>3,972,000</u>	<u>2,519,510</u>	<u>(1,452,490)</u>	<u>2,535,489</u>
EXPENDITURES:				
Public works and transportation	<u>879,905</u>	<u>184,206</u>	<u>695,699</u>	<u>1,582,669</u>
Total expenditures	<u>879,905</u>	<u>184,206</u>	<u>695,699</u>	<u>1,582,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,092,095</u>	<u>2,335,304</u>	<u>(756,791)</u>	<u>952,820</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,166,000)</u>	<u>(3,166,000)</u>	<u>-</u>	<u>(1,055,746)</u>
Total other financing sources (uses)	<u>(3,166,000)</u>	<u>(3,166,000)</u>	<u>-</u>	<u>(1,055,746)</u>
Change in fund balance	(73,905)	(830,696)	(756,791)	(102,926)
BEGINNING FUND BALANCES	<u>1,417,179</u>	<u>1,417,179</u>	<u>-</u>	<u>1,520,105</u>
ENDING FUND BALANCES	<u>\$ 1,343,274</u>	<u>586,483</u>	<u>(756,791)</u>	<u>1,417,179</u>



CITY OF HAYWARD  
HCD Deferred Loans  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	<u>\$ 600</u>	<u>486</u>	<u>(114)</u>	<u>1,052</u>
Total revenues	<u>600</u>	<u>486</u>	<u>(114)</u>	<u>1,052</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>600</u>	<u>486</u>	<u>(114)</u>	<u>1,052</u>
Change in fund balance	600	486	(114)	1,052
BEGINNING FUND BALANCES	<u>34,110</u>	<u>34,110</u>	<u>-</u>	<u>33,058</u>
ENDING FUND BALANCES	<u>\$ 34,710</u>	<u>34,596</u>	<u>(114)</u>	<u>34,110</u>

CITY OF HAYWARD  
Housing Mortgage Revenue Bonds  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ 53,000	30,017	(22,983)	65,018
Rental income	143,427	149,823	6,396	125,146
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total revenues	<u>196,427</u>	<u>179,840</u>	<u>(16,587)</u>	<u>191,164</u>
EXPENDITURES:				
Redevelopment	<u>162,851</u>	<u>181,103</u>	<u>(18,252)</u>	<u>148,289</u>
Total expenditures	<u>162,851</u>	<u>181,103</u>	<u>(18,252)</u>	<u>148,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,576</u>	<u>(1,263)</u>	<u>(34,839)</u>	<u>42,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,523)</u>	<u>(2,523)</u>	<u>-</u>	<u>(2,045)</u>
Total other financing sources (uses)	<u>(2,523)</u>	<u>(2,523)</u>	<u>-</u>	<u>(2,045)</u>
Change in fund balance	31,053	(3,786)	(34,839)	40,830
BEGINNING FUND BALANCES	<u>2,076,562</u>	<u>2,076,562</u>	<u>-</u>	<u>2,035,732</u>
ENDING FUND BALANCES	<u>\$ 2,107,615</u>	<u>2,072,776</u>	<u>(34,839)</u>	<u>2,076,562</u>

CITY OF HAYWARD  
Park Dedication Ordinance  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ 58,073	37,003	(21,070)	73,854
Fees and charges for services	308,293	216,840	(91,453)	548,828
Other	<u>-</u>	<u>30</u>	<u>30</u>	<u>-</u>
Total revenues	<u>366,366</u>	<u>253,873</u>	<u>(112,493)</u>	<u>622,682</u>
EXPENDITURES:				
Library and community services	30,000	30,000	-	30,000
Redevelopment	<u>35,000</u>	<u>46,779</u>	<u>(11,779)</u>	<u>48,952</u>
Total expenditures	<u>65,000</u>	<u>76,779</u>	<u>(11,779)</u>	<u>78,952</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>301,366</u>	<u>177,094</u>	<u>(124,272)</u>	<u>543,730</u>
BEGINNING FUND BALANCES	<u>2,513,340</u>	<u>2,513,340</u>	<u>-</u>	<u>1,969,610</u>
ENDING FUND BALANCES	<u>\$ 2,814,706</u>	<u>2,690,434</u>	<u>(124,272)</u>	<u>2,513,340</u>

CITY OF HAYWARD  
Business Improvement  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Licenses and permits	\$ 55,000	48,540	(6,460)	52,314
Investment income	4,100	2,324	(1,776)	5,876
Other	<u>250</u>	<u>321</u>	<u>71</u>	<u>254</u>
Total revenues	<u>59,350</u>	<u>51,185</u>	<u>(8,165)</u>	<u>58,444</u>
EXPENDITURES:				
Redevelopment	<u>139,958</u>	<u>124,754</u>	<u>15,204</u>	<u>87,540</u>
Total expenditures	<u>139,958</u>	<u>124,754</u>	<u>15,204</u>	<u>87,540</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(80,608)</u>	<u>(73,569)</u>	<u>7,039</u>	<u>(29,096)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total other financing sources (uses)	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Change in fund balance	(25,608)	(18,569)	7,039	25,904
BEGINNING FUND BALANCES	<u>204,339</u>	<u>204,339</u>	<u>-</u>	<u>178,435</u>
ENDING FUND BALANCES	<u>\$ 178,731</u>	<u>185,770</u>	<u>7,039</u>	<u>204,339</u>

# CITY OF HAYWARD

## Donation

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget and Actual

For the Year Ended June 30, 2010

(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ 4,000	3,227	(773)	7,140
Donations	<u>-</u>	<u>35,354</u>	<u>35,354</u>	<u>17,911</u>
Total revenues	<u>4,000</u>	<u>38,581</u>	<u>34,581</u>	<u>25,051</u>
EXPENDITURES:				
Public safety	165,248	32,028	133,220	35,960
Library and community services	<u>663</u>	<u>3,888</u>	<u>(3,225)</u>	<u>-</u>
Total expenditures	<u>165,911</u>	<u>35,916</u>	<u>129,995</u>	<u>35,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(161,911)</u>	<u>2,665</u>	<u>164,576</u>	<u>(10,909)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Change in fund balance	(161,911)	2,665	164,576	(4,909)
BEGINNING FUND BALANCES	<u>226,940</u>	<u>226,940</u>	<u>-</u>	<u>231,849</u>
ENDING FUND BALANCES	<u>\$ 65,029</u>	<u>229,605</u>	<u>164,576</u>	<u>226,940</u>

CITY OF HAYWARD  
HOME Loans  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Intergovernmental	\$ 678,808	122,356	(556,452)	102,825
Total revenues	<u>678,808</u>	<u>122,356</u>	<u>(556,452)</u>	<u>102,825</u>
EXPENDITURES:				
Redevelopment	<u>664,429</u>	<u>108,119</u>	<u>556,310</u>	<u>114,413</u>
Total expenditures	<u>664,429</u>	<u>108,119</u>	<u>556,310</u>	<u>114,413</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,379</u>	<u>14,237</u>	<u>(142)</u>	<u>(11,588)</u>
Change in fund balance	14,379	14,237	(142)	(11,588)
BEGINNING FUND BALANCE	<u>(12,379)</u>	<u>(12,379)</u>	<u>-</u>	<u>(791)</u>
ENDING FUND BALANCE	<u>2,000</u>	<u>1,858</u>	<u>(142)</u>	<u>(12,379)</u>

CITY OF HAYWARD  
Community Development Block Grant  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ 76,837	52,005	(24,832)	45,916
Intergovernmental	2,451,938	2,727,324	275,386	2,426,458
Other	<u>214,195</u>	<u>183,390</u>	<u>(30,805)</u>	<u>242,258</u>
Total revenues	<u>2,742,970</u>	<u>2,962,719</u>	<u>219,749</u>	<u>2,714,632</u>
EXPENDITURES:				
Current:				
Library and community services	2,849,667	1,281,007	1,568,660	1,852,952
Redevelopment	565,770	427,117	138,653	489,894
Debt service:				
Principal	95,480	95,480	-	91,181
Interest and fiscal charges	<u>37,850</u>	<u>37,850</u>	<u>-</u>	<u>42,148</u>
Total expenditures	<u>3,548,767</u>	<u>1,841,454</u>	<u>1,707,313</u>	<u>2,476,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(805,797)</u>	<u>1,121,265</u>	<u>1,927,062</u>	<u>238,457</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	80,300	40,150	(40,150)	-
Transfers out	<u>(140,229)</u>	<u>(100,079)</u>	<u>40,150</u>	<u>(62,206)</u>
Total other financing sources (uses)	<u>(59,929)</u>	<u>(59,929)</u>	<u>-</u>	<u>(62,206)</u>
Change in fund balance	(865,726)	1,061,336	1,927,062	176,251
BEGINNING FUND BALANCE	<u>1,970,647</u>	<u>1,970,647</u>	<u>-</u>	<u>1,794,396</u>
ENDING FUND BALANCE	<u>\$ 1,104,921</u>	<u>3,031,983</u>	<u>1,927,062</u>	<u>1,970,647</u>

CITY OF HAYWARD  
Recycling  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
REVENUES:				
Investment income	\$ 37,200	16,165	(21,035)	83,331
Intergovernmental	765,000	506,258	(258,742)	710,932
Donations	<u>2,500</u>	<u>2,775</u>	<u>275</u>	<u>4,420</u>
Total revenues	<u>804,700</u>	<u>525,198</u>	<u>(279,502)</u>	<u>798,683</u>
EXPENDITURES:				
Public works and transportation	<u>2,225,012</u>	<u>1,593,742</u>	<u>631,270</u>	<u>1,200,869</u>
Total expenditures	<u>2,225,012</u>	<u>1,593,742</u>	<u>631,270</u>	<u>1,200,869</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,420,312)</u>	<u>(1,068,544)</u>	<u>351,768</u>	<u>(402,186)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(45,295)</u>	<u>(45,295)</u>	<u>-</u>	<u>(1,823,311)</u>
Total other financing sources (uses)	<u>(45,295)</u>	<u>(45,295)</u>	<u>-</u>	<u>(1,823,311)</u>
Change in fund balance	(1,465,607)	(1,113,839)	351,768	(2,225,497)
BEGINNING FUND BALANCES	<u>2,283,042</u>	<u>2,283,042</u>	<u>-</u>	<u>4,508,539</u>
ENDING FUND BALANCES	<u>\$ 817,435</u>	<u>1,169,203</u>	<u>351,768</u>	<u>2,283,042</u>



CITY OF HAYWARD  
Narcotics Asset Seizure  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Fines and forfeitures	\$ -	69,580	69,580	29,008
Investment income	<u>1,150</u>	<u>1,758</u>	<u>608</u>	<u>1,632</u>
Total revenues	<u>1,150</u>	<u>71,338</u>	<u>70,188</u>	<u>30,640</u>
EXPENDITURES:				
Public safety	<u>43,954</u>	<u>18,064</u>	<u>25,890</u>	<u>57,284</u>
Total expenditures	<u>43,954</u>	<u>18,064</u>	<u>25,890</u>	<u>57,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(42,804)</u>	<u>53,274</u>	<u>96,078</u>	<u>(26,644)</u>
Change in fund balance	(42,804)	53,274	96,078	(26,644)
BEGINNING FUND BALANCES	<u>54,410</u>	<u>54,410</u>	<u>-</u>	<u>81,054</u>
ENDING FUND BALANCES	<u>\$ 11,606</u>	<u>107,684</u>	<u>96,078</u>	<u>54,410</u>

CITY OF HAYWARD  
Local Law Enforcement Block Grant  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ 522	930	408	-
Intergovernmental	<u>439,213</u>	<u>439,213</u>	<u>-</u>	<u>21,200</u>
Total revenues	<u>439,735</u>	<u>440,143</u>	<u>408</u>	<u>21,200</u>
EXPENDITURES:				
Public safety	<u>353,793</u>	<u>353,793</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>353,793</u>	<u>353,793</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>85,942</u>	<u>86,350</u>	<u>408</u>	<u>21,200</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(85,942)</u>	<u>(85,942)</u>	<u>-</u>	<u>(81,215)</u>
Total other financing sources (uses)	<u>(85,942)</u>	<u>(85,942)</u>	<u>-</u>	<u>(81,215)</u>
Change in fund balance	-	408	408	(60,015)
BEGINNING FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,015</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>408</u>	<u>408</u>	<u>-</u>

CITY OF HAYWARD  
Citizens' Option for Public Safety Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ -	-	-	259
Intergovernmental	<u>110,000</u>	<u>161,066</u>	<u>51,066</u>	<u>100,000</u>
Total revenues	<u>110,000</u>	<u>161,066</u>	<u>51,066</u>	<u>100,259</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>110,000</u>	<u>161,066</u>	<u>51,066</u>	<u>100,259</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(110,000)</u>	<u>(91,623)</u>	<u>18,377</u>	<u>(106,077)</u>
Total other financing sources (uses)	<u>(110,000)</u>	<u>(91,623)</u>	<u>18,377</u>	<u>(106,077)</u>
Change in fund balance	-	69,443	69,443	(5,818)
BEGINNING FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,818</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>69,443</u>	<u>69,443</u>	<u>-</u>

CITY OF HAYWARD  
Park Maintenance District  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Investment income	-	33,954	33,954	72,192
Special assessments	<u>775,102</u>	<u>610,058</u>	<u>(165,044)</u>	<u>741,098</u>
Total revenues	<u>775,102</u>	<u>644,012</u>	<u>(131,090)</u>	<u>813,290</u>
EXPENDITURES:				
Maintenance	<u>1,070,143</u>	<u>618,141</u>	<u>452,002</u>	<u>678,784</u>
Total expenditures	<u>1,070,143</u>	<u>618,141</u>	<u>452,002</u>	<u>678,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(295,041)</u>	<u>25,871</u>	<u>320,912</u>	<u>134,506</u>
Change in fund balance	(295,041)	25,871	320,912	134,506
BEGINNING FUND BALANCES	<u>2,394,746</u>	<u>2,394,746</u>	<u>-</u>	<u>2,260,240</u>
ENDING FUND BALANCES	<u>\$ 2,099,706</u>	<u>2,420,617</u>	<u>320,912</u>	<u>2,394,746</u>

CITY OF HAYWARD  
Measure B Retail Sales Tax  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Sales and use taxes	\$ -	-	-	42
Investment income	5,000	6,394	1,394	73,690
Intergovernmental	1,615,000	1,602,681	(12,319)	1,648,209
Fees and charges for services	-	13,501	13,501	255,822
Other	-	4,995	4,995	1,237
	<u>1,620,000</u>	<u>1,627,571</u>	<u>7,571</u>	<u>1,979,000</u>
Total revenues				
EXPENDITURES:				
Public works and transportation	<u>2,230,000</u>	<u>863,110</u>	<u>1,366,890</u>	<u>3,884,330</u>
Total expenditures	<u>2,230,000</u>	<u>863,110</u>	<u>1,366,890</u>	<u>3,884,330</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(610,000)</u>	<u>764,461</u>	<u>1,374,461</u>	<u>(1,905,330)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,000</u>
Change in fund balance	(610,000)	764,461	1,374,461	(1,528,330)
BEGINNING FUND BALANCES	<u>1,492,022</u>	<u>1,492,022</u>	<u>-</u>	<u>3,020,352</u>
ENDING FUND BALANCES	<u>\$ 882,022</u>	<u>2,256,483</u>	<u>1,374,461</u>	<u>1,492,022</u>

CITY OF HAYWARD  
Measure B Paratransit  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Investment income	\$ 1,000	3,083	2,083	2,159
Intergovernmental	842,091	830,080	(12,011)	611,888
Other	<u>-</u>	<u>54</u>	<u>54</u>	<u>-</u>
Total revenues	<u>843,091</u>	<u>833,217</u>	<u>(9,874)</u>	<u>614,047</u>
EXPENDITURES:				
Library and community services	<u>950,357</u>	<u>677,297</u>	<u>273,060</u>	<u>764,720</u>
Total expenditures	<u>950,357</u>	<u>677,297</u>	<u>273,060</u>	<u>764,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(107,266)</u>	<u>155,920</u>	<u>263,186</u>	<u>(150,673)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(11,831)</u>	<u>(11,831)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,831)</u>	<u>(11,831)</u>	<u>-</u>	<u>-</u>
Change in fund balance	(119,097)	144,089	263,186	(150,673)
BEGINNING FUND BALANCES	<u>127,373</u>	<u>127,373</u>	<u>-</u>	<u>278,046</u>
ENDING FUND BALANCES	<u>\$ 8,276</u>	<u>271,462</u>	<u>263,186</u>	<u>127,373</u>

CITY OF HAYWARD  
Measure B Pedestrian  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Investment income	\$ 2,000	2,745	745	-
Intergovernmental	346,000	654,872	308,872	541,306
Development fees	-	-	-	6,351
	<u>348,000</u>	<u>657,617</u>	<u>309,617</u>	<u>547,657</u>
Total revenues				
EXPENDITURES:				
Public works and transportation	<u>610,000</u>	<u>469,395</u>	<u>140,605</u>	<u>207,193</u>
	<u>610,000</u>	<u>469,395</u>	<u>140,605</u>	<u>207,193</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(262,000)</u>	<u>188,222</u>	<u>450,222</u>	<u>340,464</u>
Change in fund balance	(262,000)	188,222	450,222	340,464
BEGINNING FUND BALANCES	<u>400,899</u>	<u>400,899</u>	<u>-</u>	<u>60,435</u>
ENDING FUND BALANCES	<u>\$ 138,899</u>	<u>589,121</u>	<u>450,222</u>	<u>400,899</u>

CITY OF HAYWARD  
Neighborhood Stabilization Program  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Investment income	\$ -	1,577	1,577	-
Intergovernmental	<u>1,554,489</u>	<u>1,031,811</u>	<u>(522,678)</u>	<u>-</u>
Total revenues	<u>1,554,489</u>	<u>1,033,388</u>	<u>(521,101)</u>	<u>-</u>
EXPENDITURES:				
Library and community services	<u>1,554,489</u>	<u>757,187</u>	<u>797,302</u>	<u>-</u>
Total expenditures	<u>1,554,489</u>	<u>757,187</u>	<u>797,302</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>276,201</u>	<u>276,201</u>	<u>-</u>
Change in fund balance	-	276,201	276,201	-
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>-</u>	<u>276,201</u>	<u>276,201</u>	<u>-</u>



CITY OF HAYWARD  
Homelessness Prevention  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Intergovernmental	<u>\$ 703,342</u>	<u>130,248</u>	<u>(573,094)</u>	<u>-</u>
Total revenues	<u>703,342</u>	<u>130,248</u>	<u>(573,094)</u>	<u>-</u>
EXPENDITURES:				
Library and community services	<u>703,342</u>	<u>130,248</u>	<u>573,094</u>	<u>-</u>
Total expenditures	<u>703,342</u>	<u>130,248</u>	<u>573,094</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	-	-
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF HAYWARD  
Energy Efficiency Conservation  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
REVENUES:				
Intergovernmental	\$ 1,361,900	101,248	(1,260,652)	-
Total revenues	<u>1,361,900</u>	<u>101,248</u>	<u>(1,260,652)</u>	<u>-</u>
EXPENDITURES:				
Planning and building	<u>1,361,900</u>	<u>101,248</u>	<u>1,260,652</u>	<u>-</u>
Total expenditures	<u>1,361,900</u>	<u>101,248</u>	<u>1,260,652</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	-	-
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF HAYWARD  
Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Investment income	\$ 3,000	3,843	843	5,259
Total revenues	<u>3,000</u>	<u>3,843</u>	<u>843</u>	<u>5,259</u>
EXPENDITURES:				
Debt service:				
Principal repayment	1,510,141	1,510,141	-	1,512,844
Interest and fiscal charges	<u>1,266,119</u>	<u>1,265,701</u>	<u>418</u>	<u>1,327,218</u>
Total expenditures	<u>2,776,260</u>	<u>2,775,842</u>	<u>418</u>	<u>2,840,062</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,773,260)</u>	<u>(2,771,999)</u>	<u>1,261</u>	<u>(2,834,803)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,776,011	2,775,132	(879)	2,844,530
Transfers out	<u>-</u>	<u>(36,540)</u>	<u>(36,540)</u>	<u>(2,472)</u>
Total other financing sources (uses)	<u>2,776,011</u>	<u>2,738,592</u>	<u>(37,419)</u>	<u>2,842,058</u>
Change in fund balance	2,751	(33,407)	(36,158)	7,255
BEGINNING FUND BALANCES	<u>195,059</u>	<u>195,059</u>	<u>-</u>	<u>187,804</u>
ENDING FUND BALANCES	<u>\$ 197,810</u>	<u>161,652</u>	<u>(36,158)</u>	<u>195,059</u>

CITY OF HAYWARD  
Redevelopment Agency Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Investment income	\$ 60,000	629	(59,371)	110,240
Total revenues	<u>60,000</u>	<u>629</u>	<u>(59,371)</u>	<u>110,240</u>
EXPENDITURES:				
Redevelopment	-	-	-	9,889
Debt service:				
Principal repayment	1,335,000	1,335,000	-	1,270,000
Interest and fiscal charges	<u>2,606,344</u>	<u>2,605,864</u>	<u>480</u>	<u>2,662,272</u>
Total expenditures	<u>3,941,344</u>	<u>3,940,864</u>	<u>480</u>	<u>3,942,161</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,881,344)</u>	<u>(3,940,235)</u>	<u>(58,891)</u>	<u>(3,831,921)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,941,344	3,938,454	(2,890)	3,833,103
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,578)</u>
Total other financing sources (uses)	<u>3,941,344</u>	<u>3,938,454</u>	<u>(2,890)</u>	<u>3,825,525</u>
Change in fund balance	60,000	(1,781)	(61,781)	(6,396)
BEGINNING FUND BALANCES	<u>4,011,163</u>	<u>4,011,163</u>	<u>-</u>	<u>4,017,559</u>
ENDING FUND BALANCES	<u>\$ 4,071,163</u>	<u>4,009,382</u>	<u>(61,781)</u>	<u>4,011,163</u>

CITY OF HAYWARD  
General Capital Projects  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Other taxes	\$ 100,000	149,450	49,450	153,176
Investment income	43,000	81,084	38,084	150,136
Intergovernmental	5,625,000	3,915,486	(1,709,514)	4,552,326
Fees and charges for services	-	11,851	11,851	193,540
Other	<u>3,600,000</u>	<u>135,284</u>	<u>(3,464,716)</u>	<u>14,042</u>
Total revenues	<u>9,268,000</u>	<u>4,293,155</u>	<u>(5,074,845)</u>	<u>5,063,220</u>
EXPENDITURES:				
Planning and building	-	90	(90)	-
Capital outlay	15,380,042	6,621,101	8,758,941	5,186,683
Debt service:				
Principal repayment	-	-	-	220,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,400</u>
Total expenditures	<u>15,380,042</u>	<u>6,621,191</u>	<u>8,758,851</u>	<u>5,411,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,112,042)</u>	<u>(2,328,036)</u>	<u>3,684,006</u>	<u>(347,863)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	985,000	1,121,493	136,493	1,720,000
Transfers out	<u>(703,000)</u>	<u>(703,000)</u>	<u>-</u>	<u>(848,844)</u>
Total other financing sources (uses)	<u>282,000</u>	<u>418,493</u>	<u>136,493</u>	<u>871,156</u>
Change in fund balance	(5,830,042)	(1,909,543)	3,820,499	523,293
BEGINNING FUND BALANCES	<u>7,196,938</u>	<u>7,196,938</u>	<u>-</u>	<u>6,673,645</u>
ENDING FUND BALANCES	<u>\$ 1,366,896</u>	<u>5,287,395</u>	<u>3,820,499</u>	<u>7,196,938</u>

CITY OF HAYWARD  
Traffic Signal Construction  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year
REVENUES:				
Investment income	\$ 8,000	6,104	(1,896)	16,687
Total revenues	<u>8,000</u>	<u>6,104</u>	<u>(1,896)</u>	<u>16,687</u>
EXPENDITURES:				
Planning and building	-	309	(309)	-
Capital outlay	<u>448,046</u>	<u>185,538</u>	<u>262,508</u>	<u>232,393</u>
Total expenditures	<u>448,046</u>	<u>185,847</u>	<u>262,199</u>	<u>232,393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(440,046)</u>	<u>(179,743)</u>	<u>260,303</u>	<u>(215,706)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</u>
Change in fund balance	(440,046)	(179,743)	260,303	4,294
BEGINNING FUND BALANCES	<u>540,347</u>	<u>540,347</u>	<u>-</u>	<u>536,053</u>
ENDING FUND BALANCES	<u>\$ 100,301</u>	<u>360,604</u>	<u>260,303</u>	<u>540,347</u>

CITY OF HAYWARD  
Special Assessment  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year</u>
REVENUES:				
Investment income	<u>10,000</u>	<u>3,311</u>	<u>(6,689)</u>	<u>16,016</u>
Total revenues	<u>10,000</u>	<u>3,311</u>	<u>(6,689)</u>	<u>16,016</u>
EXPENDITURES:				
Public works and transportation	<u>-</u>	<u>522,481</u>	<u>(522,481)</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>522,481</u>	<u>(522,481)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,000	(519,170)	(529,170)	16,016
BEGINNING FUND BALANCES	<u>519,170</u>	<u>519,170</u>	<u>-</u>	<u>503,154</u>
ENDING FUND BALANCES	<u>\$529,170</u>	<u>-</u>	<u>(529,170)</u>	<u>519,170</u>

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# CITY OF HAYWARD

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## Non-Major Enterprise Funds

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## **NON-MAJOR ENTERPRISE FUNDS**

*Centennial Hall Maintenance and Operation Fund* – Accounts for rental of the public facilities of Centennial Hall and the use of rental revenue to support Centennial Hall operation and maintenance.

*Stormwater Fund* – Accounts for activities with stormwater management and urban runoff control, as required by Federal and State law.

CITY OF HAYWARD  
Non-Major Enterprise Funds  
Combining Statement of Net Assets  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Centennial Hall Maintenance and Operation	Stormwater	Totals	
			2010	2009
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	2,135,315	2,135,315	1,673,648
Accounts receivable, net	-	79,406	79,406	2,857
Interest receivable	-	5,567	5,567	7,317
Due from other governments	-	20,028	20,028	108,698
Total current assets	-	2,240,316	2,240,316	1,792,520
Noncurrent assets				
Land	372,748	-	372,748	372,748
Capital assets being depreciated, net of accumulated depreciation	446,760	3,965	450,725	492,802
Total noncurrent assets	819,508	3,965	823,473	865,550
Total assets	819,508	2,244,281	3,063,789	2,658,070
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	383	4,830	5,213	16,920
Accrued liabilities	-	22,125	22,125	22,733
Due to other funds	13,024	-	13,024	-
Refundable deposits	-	-	-	28,900
Claims payable	-	-	-	4,436
Compensated absences	-	100,388	100,388	86,406
Total current liabilities	13,407	127,343	140,750	159,395
Total liabilities	13,407	127,343	140,750	159,395
<b>NET ASSETS</b>				
Invested in capital assets	819,508	3,965	823,473	865,550
Unrestricted	(13,407)	2,112,973	2,099,566	1,633,125
Total net assets	\$ 806,101	2,116,938	2,923,039	2,498,675

## CITY OF HAYWARD

## Non-Major Enterprise Funds

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

For the Year Ended June 30, 2010

(with comparative information for the prior year)

	Centennial Hall Maintenance and Operation	Stormwater	Totals	
			2010	2009
OPERATING REVENUES				
Charges for services	\$ 42,954	2,700,531	2,743,485	3,080,784
Other	17,414	2,350	19,764	15,448
Total operating revenues	60,368	2,702,881	2,763,249	3,096,232
OPERATING EXPENSES				
Salaries and related expenses	110,002	1,598,888	1,708,890	1,669,816
Materials, supplies and services	131,320	581,880	713,200	645,550
Repairs and maintenance	31,787	44,435	76,222	332,309
Depreciation	40,190	1,887	42,077	43,124
Total operating expenses	313,299	2,227,090	2,540,389	2,690,799
Operating income (loss)	(252,931)	475,791	222,860	405,433
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	27,115	27,115	31,799
Total nonoperating revenues (expenses)	-	27,115	27,115	31,799
Income (loss) before transfers	(252,931)	502,906	249,975	437,232
Transfers in	253,121	-	253,121	628,450
Transfers out	-	(78,732)	(78,732)	(206,337)
Net transfers	253,121	(78,732)	174,389	422,113
Change in net assets	190	424,174	424,364	859,345
BEGINNING NET ASSETS	805,911	1,692,764	2,498,675	1,639,330
ENDING NET ASSETS	\$ 806,101	2,116,938	2,923,039	2,498,675

CITY OF HAYWARD  
Non-Major Enterprise funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Centennial Hall Maintenance and Operation	Stormwater	Totals	
			2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 73,392	2,715,002	2,788,394	3,070,251
Payments to suppliers	(215,181)	(619,892)	(835,073)	(1,035,901)
Payments to employees	(127,768)	(1,567,140)	(1,694,908)	(1,676,762)
Cash flows from operating activities	(269,557)	527,970	258,413	357,588
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	253,121	-	253,121	628,450
Transfers out	-	(78,732)	(78,732)	(206,337)
Cash flows from noncapital financing activities	253,121	(78,732)	174,389	422,113
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	-	28,865	28,865	31,601
Cash flows from investing activities	-	28,865	28,865	31,601
Net increase (decrease) in cash and cash equivalents	(16,436)	478,103	461,667	811,302
Cash and cash equivalents at beginning of period	16,436	1,657,212	1,673,648	862,346
Cash and cash equivalents at end of period	\$ -	2,135,315	2,135,315	1,673,648
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (252,931)	475,791	222,860	405,433
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	40,190	1,887	42,077	43,124
Change in assets and liabilities:				
Accounts receivable	-	12,121	12,121	(25,981)
Accounts payable and other accrued expenses	(5,714)	6,423	709	(9,576)
Compensated absences	(17,766)	31,748	13,982	(6,946)
Claims payable	(4,436)	-	(4,436)	(17,598)
Refundable deposits	(28,900)	-	(28,900)	(30,868)
Cash flows from operating activities	\$ (269,557)	527,970	258,413	357,588

# CITY OF HAYWARD

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## Internal Service Funds

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## INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

*Workers' Compensation Insurance Fund* - Accounts for workers' compensation reimbursable costs.

*General Liability Fund* - Accounts for risk management expenses and self-insurance costs.

*Facilities Management Fund* - Accounts for operation, maintenance and replacement of City Hall and other city-owned buildings.

*Fleet Management Fund* - Accounts for operation, maintenance and replacement of vehicles.

*Technology Services Fund* - Accounts for operation, maintenance and replacement of Technology infrastructure and resources.

*Employee Benefits Fund* - Accounts for funding related to Other Post Employment Benefits (OPEB) and payments for retiree medical stipends.

CITY OF HAYWARD  
Internal Service Funds  
Combining Statement of Net Assets  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Workers' Compensation Insurance	General Liability	Facilities Management	Fleet Management	Technology Services	Employee Benefits	Totals	
							2010	2009
<b>ASSETS</b>								
Current assets:								
Cash and investments	\$ 1,331,280	720,264	185,488	514,691	3,660,545	38,707	6,450,975	3,416,354
Cash and investments with fiscal agent	-	-	104,694	560,025	-	-	664,719	744,387
Accounts receivable	8,834	44	157	-	56,695	-	65,730	125,130
Interest receivable	4,140	1,057	283	932	9,377	6	15,795	9,208
Prepaid expenses	-	-	-	347,683	-	-	347,683	347,684
Total current assets	<u>1,344,254</u>	<u>721,365</u>	<u>290,622</u>	<u>1,423,331</u>	<u>3,726,617</u>	<u>38,713</u>	<u>7,544,902</u>	<u>4,642,763</u>
Noncurrent assets:								
Construction in progress	-	-	-	-	1,779,348	-	1,779,348	-
Capital assets, net of accumulated depreciation	-	-	1,590,000	6,051,152	1,114,482	-	8,755,634	8,705,622
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,590,000</u>	<u>6,051,152</u>	<u>2,893,830</u>	<u>-</u>	<u>10,534,982</u>	<u>8,705,622</u>
Total assets	<u>1,344,254</u>	<u>721,365</u>	<u>1,880,622</u>	<u>7,474,483</u>	<u>6,620,447</u>	<u>38,713</u>	<u>18,079,884</u>	<u>13,348,385</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	6,841	57,925	188,860	581,495	228,211	-	1,063,332	717,932
Accrued liabilities	3,560	12,784	21,112	21,243	39,675	-	98,374	80,985
Due to other funds	-	-	-	-	-	-	-	233,966
Long term debt - due within one year	-	-	110,000	864,549	337,233	-	1,311,782	1,593,248
Total current liabilities	<u>10,401</u>	<u>70,709</u>	<u>319,972</u>	<u>1,467,287</u>	<u>605,119</u>	<u>-</u>	<u>2,473,488</u>	<u>2,626,131</u>
Noncurrent liabilities:								
Advances from other funds	-	-	-	928,571	2,301,570	-	3,230,141	2,250,000
Compensated absences	16,133	60,219	133,625	131,750	176,351	-	518,078	348,332
Long term debt - due in more than one year	<u>4,376,147</u>	<u>711,858</u>	<u>1,060,000</u>	<u>478,294</u>	<u>-</u>	<u>-</u>	<u>6,626,299</u>	<u>8,858,931</u>
Total noncurrent liabilities	<u>4,392,280</u>	<u>772,077</u>	<u>1,193,625</u>	<u>1,538,615</u>	<u>2,477,921</u>	<u>-</u>	<u>10,374,518</u>	<u>11,457,263</u>
Total liabilities	<u>4,402,681</u>	<u>842,786</u>	<u>1,513,597</u>	<u>3,005,902</u>	<u>3,083,040</u>	<u>-</u>	<u>12,848,006</u>	<u>14,083,394</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	-	-	420,000	4,708,309	777,249	-	5,905,558	4,262,299
Unrestricted	<u>(3,058,427)</u>	<u>(121,421)</u>	<u>(52,975)</u>	<u>(239,728)</u>	<u>2,760,158</u>	<u>38,713</u>	<u>(673,680)</u>	<u>(4,997,308)</u>
Total net assets (deficit)	<u>\$ (3,058,427)</u>	<u>(121,421)</u>	<u>367,025</u>	<u>4,468,581</u>	<u>3,537,407</u>	<u>38,713</u>	<u>5,231,878</u>	<u>(735,009)</u>

## CITY OF HAYWARD

## Internal Services Funds

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

For the Year Ended June 30, 2010

(with comparative information for the prior year)

	Workers' Compensation Insurance	General Liability	Facilities Management	Fleet Management	Technology Services	Employee Benefits	Totals	
							2010	2009
<b>OPERATING REVENUES</b>								
Charges for services	\$ 5,582,933	-	3,086,846	4,534,179	4,061,715	-	17,265,673	15,468,496
Other	<u>43,240</u>	<u>1,438,593</u>	<u>-</u>	<u>3,075</u>	<u>249,122</u>	<u>-</u>	<u>1,734,030</u>	<u>335,929</u>
Total operating revenues	<u>5,626,173</u>	<u>1,438,593</u>	<u>3,086,846</u>	<u>4,537,254</u>	<u>4,310,837</u>	<u>-</u>	<u>18,999,703</u>	<u>15,804,425</u>
<b>OPERATING EXPENSES</b>								
Salaries and related expenses	252,530	536,143	1,195,298	1,144,069	1,962,115	-	5,090,155	4,926,378
Materials, supplies and services	17,393	1,221,521	1,229,234	1,244,441	1,502,955	2,061,293	7,276,837	4,415,562
Repairs and maintenance	11,490	17,235	522,203	190,974	209,812	-	951,714	933,532
Self-funded insurance expense	5,099,174	1,323,991	346,235	2,022	-	-	6,771,422	7,715,709
Depreciation	<u>-</u>	<u>-</u>	<u>51,429</u>	<u>1,052,720</u>	<u>228,413</u>	<u>-</u>	<u>1,332,562</u>	<u>1,490,307</u>
Total operating expenses	<u>5,380,587</u>	<u>3,098,890</u>	<u>3,344,399</u>	<u>3,634,226</u>	<u>3,903,295</u>	<u>2,061,293</u>	<u>21,422,690</u>	<u>19,481,488</u>
Operating income (loss)	<u>245,586</u>	<u>(1,660,297)</u>	<u>(257,553)</u>	<u>903,028</u>	<u>407,542</u>	<u>(2,061,293)</u>	<u>(2,422,987)</u>	<u>(3,677,063)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Interest income	21,222	-	93,707	10,727	81,661	6	207,323	182,709
Intergovernmental	-	-	-	43,834	-	-	43,834	98,123
Interest expense	-	-	(58,638)	(80,296)	(34,183)	-	(173,117)	(240,812)
Gain (loss) on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,694)</u>	<u>-</u>	<u>-</u>	<u>(77,694)</u>	<u>61,630</u>
Total nonoperating revenues (expenses)	<u>21,222</u>	<u>-</u>	<u>35,069</u>	<u>(103,429)</u>	<u>47,478</u>	<u>6</u>	<u>346</u>	<u>101,650</u>
Income (loss) before transfers	<u>266,808</u>	<u>(1,660,297)</u>	<u>(222,484)</u>	<u>799,599</u>	<u>455,020</u>	<u>(2,061,287)</u>	<u>(2,422,641)</u>	<u>(3,575,413)</u>
Transfers in	-	3,825,859	498,400	172,432	2,925,600	2,100,000	9,522,291	3,303,771
Transfers out	<u>(229,396)</u>	<u>(400,126)</u>	<u>(158,959)</u>	<u>(181,288)</u>	<u>(162,994)</u>	<u>-</u>	<u>(1,132,763)</u>	<u>(1,133,081)</u>
Net transfers	<u>(229,396)</u>	<u>3,425,733</u>	<u>339,441</u>	<u>(8,856)</u>	<u>2,762,606</u>	<u>2,100,000</u>	<u>8,389,528</u>	<u>2,170,690</u>
Change in net assets	37,412	1,765,436	116,957	790,743	3,217,626	38,713	5,966,887	(1,404,723)
<b>BEGINNING NET ASSETS (DEFICITS)</b>	<u>(3,095,839)</u>	<u>(1,886,857)</u>	<u>250,068</u>	<u>3,677,838</u>	<u>319,781</u>	<u>-</u>	<u>(735,009)</u>	<u>669,714</u>
<b>ENDING NET ASSETS (DEFICITS)</b>	<u>\$ (3,058,427)</u>	<u>(121,421)</u>	<u>367,025</u>	<u>4,468,581</u>	<u>3,537,407</u>	<u>38,713</u>	<u>5,231,878</u>	<u>(735,009)</u>

CITY OF HAYWARD  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2010  
(with comparative information for the prior year)

	Workers' Compensation Insurance	General Liability	Facilities Management	Fleet Management	Technology Services	Employee Benefits	Totals	
							2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers	\$ 5,625,495	1,438,549	3,086,689	4,537,254	4,310,837	-	18,998,824	16,321,863
Payments to suppliers	(1,310,687)	(3,858,663)	(2,038,187)	(1,321,305)	(1,493,635)	(2,061,293)	(12,083,770)	(8,048,258)
Payments to employees	(248,082)	(502,609)	(1,157,053)	(1,101,319)	(1,911,346)	-	(4,920,409)	(4,719,186)
Claims paid	(3,413,987)	-	-	-	-	-	(3,413,987)	(4,805,618)
Cash flows provided by (used for) operating activities	<u>652,739</u>	<u>(2,922,723)</u>	<u>(108,551)</u>	<u>2,114,630</u>	<u>905,856</u>	<u>(2,061,293)</u>	<u>(1,419,342)</u>	<u>(1,251,199)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	-	3,825,859	498,400	867,037	2,377,265	2,100,000	9,668,561	6,168,909
Transfers out	(229,396)	(400,126)	(158,959)	(181,288)	(162,994)	-	(1,132,763)	(1,904,451)
Cash flows provided by (used for) noncapital financing activities	<u>(229,396)</u>	<u>3,425,733</u>	<u>339,441</u>	<u>685,749</u>	<u>2,214,271</u>	<u>2,100,000</u>	<u>8,535,798</u>	<u>4,264,458</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition of capital assets	-	-	-	(1,460,266)	(1,779,348)	-	(3,239,614)	(2,298,289)
Capital grants received	-	-	-	43,834	-	-	43,834	-
Principal payments on long term debt	-	-	(105,000)	(888,342)	-	-	(993,342)	(1,027,206)
Interest paid on capital debt	-	-	(58,638)	(80,296)	(34,183)	-	(173,117)	(240,812)
Cash flows provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(163,638)</u>	<u>(2,385,070)</u>	<u>(1,813,531)</u>	<u>-</u>	<u>(4,362,239)</u>	<u>(3,566,307)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Sale of investments	-	-	-	79,683	-	-	79,683	308,089
Purchase of investments	-	-	(15)	-	-	-	(15)	(1,063)
Interest	21,566	3,334	93,424	9,795	72,617	-	200,736	183,496
Cash flows provided by (used for) investing activities	<u>21,566</u>	<u>3,334</u>	<u>93,409</u>	<u>89,478</u>	<u>72,617</u>	<u>-</u>	<u>280,404</u>	<u>490,522</u>
Net increase (decrease) in cash and cash equivalents	444,909	506,344	160,661	504,787	1,379,213	38,707	3,034,621	(62,526)
Cash and cash equivalents at beginning of period	<u>886,371</u>	<u>213,920</u>	<u>24,827</u>	<u>9,904</u>	<u>2,281,332</u>	<u>-</u>	<u>3,416,354</u>	<u>3,478,880</u>
Cash and cash equivalents at end of period	<u>\$ 1,331,280</u>	<u>720,264</u>	<u>185,488</u>	<u>514,691</u>	<u>3,660,545</u>	<u>38,707</u>	<u>6,450,975</u>	<u>3,416,354</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>								
Operating income (loss)	\$ 245,586	(1,660,297)	(257,553)	903,028	407,542	(2,061,293)	(2,422,987)	(3,677,063)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	-	-	51,429	1,052,720	228,413	-	1,332,562	1,490,307
Change in assets and liabilities:								
Receivables, net	(357)	(44)	(157)	-	59,958	-	59,400	(98,435)
Other assets	-	-	-	-	-	-	-	-
Accounts and other payables	(765)	28,762	59,485	116,132	159,174	-	362,788	643,536
Compensated absences	4,448	33,534	38,245	42,750	50,769	-	169,746	207,192
Claims payable	403,827	(1,324,678)	-	-	-	-	(920,851)	183,264
Net cash provided by (used for) operating activities	<u>\$ 652,739</u>	<u>(2,922,723)</u>	<u>(108,551)</u>	<u>2,114,630</u>	<u>905,856</u>	<u>(2,061,293)</u>	<u>(1,419,342)</u>	<u>(1,251,199)</u>

# CITY OF HAYWARD

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## Agency Funds

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## **AGENCY FUNDS**

Agency Funds, which are the only fiduciary funds the City has, are to be presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

*Local Improvement Districts Fund* – Accounts for debt service activities for LIDs #14, #15, #16, #17 and Community Facilities District #1. The City has no commitment for the repayment of these Districts' debt.

*Other Agency Funds* – Accounts for activities of Hayward Coalition for Youth, volunteer recognition, Martin Luther King day fundraising, and economic development donations.

CITY OF HAYWARD  
Agency Funds  
Statement of Changes in Assets and Liabilities  
For the Year Ended June 30, 2010

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
<b>LOCAL IMPROVEMENT DISTRICTS</b>				
Assets:				
Cash and investments	\$ 3,773,423	-	1,957,703	1,815,720
Restricted cash and cash equivalents	818,354	1,917,539	-	2,735,893
Interest receivable	10,035	4,178	10,035	4,178
Due from other governments	11,752	773	11,752	773
Total assets	<u>\$ 4,613,564</u>	<u>1,922,490</u>	<u>1,979,490</u>	<u>4,556,564</u>
Liabilities:				
Accounts payable	\$ 884	31	884	31
Due to bondholders	4,612,680	-	56,147	4,556,533
Total liabilities	<u>\$ 4,613,564</u>	<u>31</u>	<u>57,031</u>	<u>4,556,564</u>
<b>OTHER AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 6,201	-	382	5,819
Interest receivable	23	15	23	15
Total assets	<u>\$ 6,224</u>	<u>15</u>	<u>405</u>	<u>5,834</u>
Liabilities:				
Accounts payable	\$ 866	1,888	866	1,888
Refundable deposits	5,358	-	1,412	3,946
Total liabilities	<u>\$ 6,224</u>	<u>1,888</u>	<u>2,278</u>	<u>5,834</u>
<b>TOTAL</b>				
Assets:				
Cash and investments available for operations	\$ 3,779,624	-	1,958,085	1,821,539
Restricted cash and cash equivalents	818,354	1,917,539	-	2,735,893
Interest receivable	10,058	4,193	10,058	4,193
Due from other governments	11,752	773	11,752	773
Total assets	<u>\$ 4,619,788</u>	<u>1,922,505</u>	<u>1,979,895</u>	<u>4,562,398</u>
Liabilities:				
Accounts payable	\$ 1,750	1,919	1,750	1,919
Due to bondholders	4,612,680	-	56,147	4,556,533
Refundable deposits	5,358	-	1,412	3,946
Total liabilities	<u>\$ 4,619,788</u>	<u>1,919</u>	<u>59,309</u>	<u>4,562,398</u>



# CITY OF HAYWARD

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**Statistical Section**

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## STATISTICAL SECTION

This part of the City of Hayward's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

#### Demographic and Economic Information

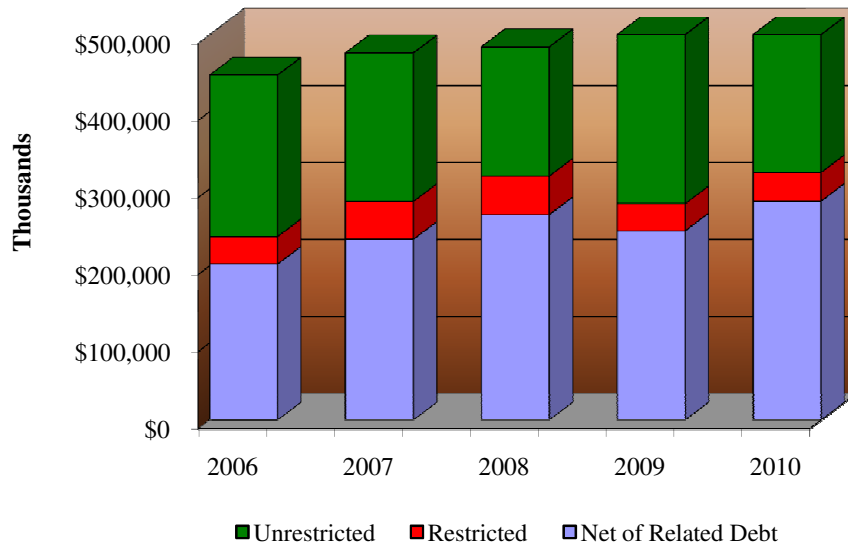
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relative year.

**CITY OF HAYWARD**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**



	2006	2007	2008	2009	2010
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$100,174,478	\$126,446,824	\$165,674,448	\$144,536,663	175,603,110
Restricted	31,759,679	45,104,958	50,176,114	35,212,631	37,145,242
Unrestricted	100,340,730	79,057,083	33,506,242	94,984,265	74,605,502
Total governmental activities net assets	<u>\$232,274,887</u>	<u>\$250,608,865</u>	<u>\$249,356,804</u>	<u>\$274,733,559</u>	<u>\$287,353,854</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$102,076,570	\$108,163,977	\$100,748,593	\$100,949,049	108,371,577
Restricted	4,066,211	3,934,308	0 *	0	0
Unrestricted	109,237,767	113,683,272	134,111,663	139,593,608	136,133,467
Total business-type activities net assets	<u>\$215,380,548</u>	<u>\$225,781,557</u>	<u>\$234,860,256</u>	<u>\$240,542,657</u>	<u>\$244,505,044</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$202,251,048	\$234,610,801	\$266,423,041	\$245,485,712	\$283,974,687
Restricted	35,825,890	49,039,266	50,176,114	35,212,631	37,145,242
Unrestricted	209,578,497	192,740,355	167,617,905	234,577,873	210,738,969
Total primary government net assets	<u>\$447,655,435</u>	<u>\$476,390,422</u>	<u>\$484,217,060</u>	<u>\$515,276,216</u>	<u>\$531,858,898</u>

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

**CITY OF HAYWARD**  
**Changes in Net Assets**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$14,609,331	\$14,937,511	\$15,432,428	\$12,844,106	12,526,820
Public Safety	70,477,309	73,909,494	83,609,438	89,391,667	91,936,447
Public Works and Transportation	14,323,266	19,796,435	6,896,062	5,097,319	6,614,756
Library and Neighborhood Services			9,654,552	9,448,832	8,873,963
Redevelopment			4,685,202	2,814,162	4,337,389
Planning and Building			5,524,642	6,383,986	5,930,519
Maintenance Services			7,202,019	3,899,394	4,612,144
Community Development	8,865,415	8,016,005			
Culture and Leisure	3,672,910	3,785,273			
Nondepartmental	1,874,955	1,379,106			
Interest on Long Term Debt	4,377,655	5,006,826	6,060,020	4,175,089	4,073,192
Total Governmental Activities Expenses	<u>118,200,841</u>	<u>126,830,650</u>	<u>139,064,363</u>	<u>134,054,555</u>	<u>138,905,230</u>
Business-Type Activities:					
Sewer	13,266,648	13,349,209	15,250,146	15,783,768	18,276,551
Water	30,543,073	24,582,923	25,585,042	27,602,545	28,336,545
Airport	2,628,720	2,442,805	2,644,168	3,568,997	3,008,282
Centennial Hall Maintenance and Operation	638,060	678,612	678,964	782,509	313,299
Stormwater	1,926,372	1,909,447	2,049,493	1,908,290	2,227,090
Total Business-Type Activities Expenses	<u>49,002,873</u>	<u>42,962,996</u>	<u>46,207,813</u>	<u>49,646,109</u>	<u>52,161,767</u>
Total Primary Government Expenses	<u><u>\$167,203,714</u></u>	<u><u>\$169,793,646</u></u>	<u><u>\$185,272,176</u></u>	<u><u>\$183,700,664</u></u>	<u><u>\$191,066,997</u></u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$898,607	\$949,015	\$817,256	\$379,561	190,261
Public Safety	4,366,551	5,075,945	5,123,501	8,016,352	9,128,483
Public Works and Transportation	5,442,263	7,279,079	1,092,482	507,944	555,541
Library and Neighborhood Services			106,920	111,630	98,968
Redevelopment			103,864	166,223	79,484
Planning and Building			6,242,967	6,780,653	5,074,620
Maintenance Services			149,268	29,190	37,098
Community Development	439,991	525,981			
Culture and Leisure	112,009	96,406			
Nondepartmental					
Operating Grants and Contributions	14,349,003	18,296,402	15,332,573	14,294,205	17,196,527
Capital Grants and Contributions	3,800,451	2,596,202	2,856,295	22,570,080	18,885,041
Total Government Activities Program Revenues	<u>29,408,875</u>	<u>34,819,030</u>	<u>31,825,126</u>	<u>52,855,838</u>	<u>51,246,023</u>

\* Due to City of Hayward department reorganization; Community Development and Culture and Leisure departments no longer exist.  
The new departments are Library and Neighborhood Services, Redevelopment, Planning and Building, and Maintenance Services

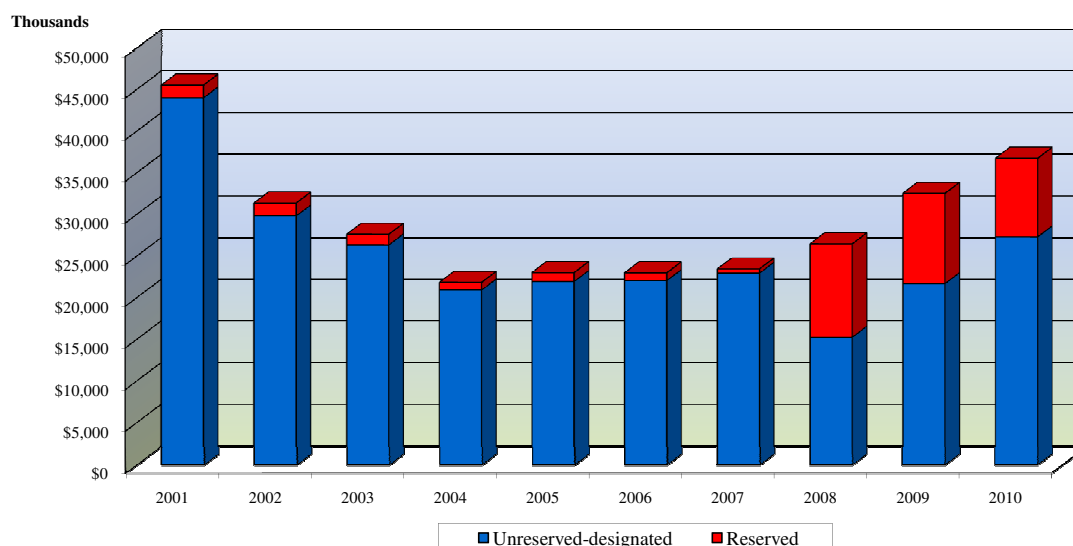
Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

**CITY OF HAYWARD**  
**Changes in Net Assets**  
**(continued)**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business-Type Activities:					
Charges for Services:					
Sewer	13,803,163	15,981,344	16,507,956	18,861,871	19,186,749
Water	32,666,971	23,287,599	24,550,837	29,246,643	28,143,863
Airport	2,863,279	3,179,495	2,049,105	2,843,185	2,783,068
Centennial Hall Maintenance & Operation	335,079	331,503	293,948	288,869	42,954
Stormwater	1,892,761	1,899,910	2,710,813	2,791,915	2,700,531
Operating Grants and Contributions	2,486,029	4,315,427	4,771,353	0	0
Capital Grants and Contributions	3,399,012	400,343	1,728,487	167,026	2,411,519
Total Business-Type Activities Program Revenue	<u>57,446,294</u>	<u>49,395,621</u>	<u>52,612,499</u>	<u>54,199,509</u>	<u>55,268,684</u>
Total Primary Government Program Revenues	<u>\$86,855,169</u>	<u>\$84,214,651</u>	<u>\$84,437,625</u>	<u>\$107,055,347</u>	<u>\$106,514,707</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(\$88,791,966)	(\$92,011,620)	(\$107,239,237)	(\$81,198,717)	(\$87,659,207)
Business-Type Activities	<u>8,443,421</u>	<u>6,432,625</u>	<u>6,404,686</u>	<u>4,553,400</u>	<u>3,106,917</u>
Total Primary Government Net Expense	<u>(\$80,348,545)</u>	<u>(\$85,578,995)</u>	<u>(\$100,834,551)</u>	<u>(\$76,645,317)</u>	<u>(\$84,552,290)</u>
Total Primary Government Net Expense from prior page	<u>(\$80,348,545)</u>	<u>(\$85,578,995)</u>	<u>(\$100,834,551)</u>	<u>(\$76,645,317)</u>	<u>(\$84,552,290)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes:					
Property Taxes	\$21,644,158	\$24,652,905	\$38,464,255	\$40,699,344	37,292,466
Incremental Property Tax	9,154,816	11,465,642	10,729,476	10,657,184	4,520,035
Special Assessments	487,740	919,634	0	0	
Sales Taxes	26,685,813	28,857,677	28,512,340	25,630,173	23,508,544
Utility Users Tax					10,927,290
Real Property Transfer Tax	9,707,512	7,119,746	5,077,214	3,852,507	3,796,719
Franchise Tax	4,772,210	4,766,970	6,166,499	5,831,272	8,316,848
Business Tax	2,331,639	2,481,365	2,480,696	2,502,991	2,337,106
Excise Tax	1,942,949	1,918,155	1,931,187	1,858,267	1,857,223
Other Taxes	4,739,437	5,079,403	4,933,567	4,958,591	1,938,591
Motor Vehicle in lieu	12,886,423	10,821,864	671,084	522,508	457,126
Investment Earnings	1,976,795	3,135,049	3,638,001	2,132,768	819,649
Gain (Loss) from disposal of capital assets			53,845	2,362,950	0
Miscellaneous	704,136	6,906,996	2,889,548	2,289,663	2,834,841
Transfers	<u>455,429</u>	<u>2,220,192</u>	<u>2,829,378</u>	<u>3,277,254</u>	<u>1,673,064</u>
Total Governmental Activities General Revenues and Transfers	<u>97,489,057</u>	<u>110,345,598</u>	<u>108,377,090</u>	<u>106,575,472</u>	<u>100,279,502</u>
Business-Type Activities:					
Investment Earnings	2,702,484	6,078,001	5,245,152	3,720,221	1,694,085
Gain (Loss) from disposal of capital assets	7,849,000	110,575	251,354	0	0
Miscellaneous			437,661	686,034	834,449
Transfers	<u>(455,429)</u>	<u>(2,220,192)</u>	<u>(2,829,378)</u>	<u>(3,277,254)</u>	<u>(1,673,064)</u>
Total Business-Type Activities General Revenues and Transfers	<u>10,096,055</u>	<u>3,968,384</u>	<u>3,104,789</u>	<u>1,129,001</u>	<u>855,470</u>
Total Primary Government General Revenues and Transfers	<u>\$107,585,112</u>	<u>\$114,313,982</u>	<u>\$111,481,879</u>	<u>\$107,704,473</u>	<u>\$101,134,972</u>
<b>Change in Net Assets</b>					
Governmental Activities	\$8,697,091	\$18,333,978	\$1,137,853	\$25,376,755	\$12,620,295
Business-Type Activities	<u>18,539,476</u>	<u>10,401,009</u>	<u>9,509,475</u>	<u>5,682,401</u>	<u>3,962,387</u>
Total Primary Government	<u>\$27,236,567</u>	<u>\$28,734,987</u>	<u>\$10,647,328</u>	<u>\$31,059,156</u>	<u>\$16,582,682</u>

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

**CITY OF HAYWARD**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$1,514,988	\$1,550,636	\$1,267,228	\$913,353	\$1,063,439	\$925,067	\$502,204	\$11,213,927	\$10,827,978	\$9,434,579
Unreserved-designated	44,061,822	29,878,057	26,401,209	20,983,427	22,021,325	22,142,634	23,022,362	15,317,927	21,758,830	27,367,200
Total General Fund (a)	<u>\$45,576,810</u>	<u>\$31,428,693</u>	<u>\$27,668,437</u>	<u>\$21,896,780</u>	<u>\$23,084,764</u>	<u>\$23,067,701</u>	<u>\$23,524,566</u>	<u>\$26,531,854</u>	<u>\$32,586,808</u>	<u>\$36,801,779</u>
All Other Governmental Funds										
Reserved	\$12,208,419	\$12,359,973	\$16,130,182	\$53,422,372	\$49,019,982	\$62,656,549	\$55,418,227	\$4,154,570	\$19,356,635	\$12,853,145
Unreserved-designated	\$19,838,903	\$18,952,712	\$18,642,397							
Unreserved, reported in:										
Debt Service funds			11,488	11,488	11,488			4,308,979	4,206,222	4,171,034
Special revenue funds	2,394,910	419,182	6,117,979	12,410,301	15,497,821	16,667,600	16,985,069	18,065,349	15,211,686	16,022,583
Capital project funds	3,560,750	9,486,892	4,629,077	24,301,396	25,391,873	25,573,270	24,096,411	40,928,952	21,442,946	14,181,758
Undesignated funds	491,708	5,008,134								
Total all other governmental funds	<u>\$38,494,690</u>	<u>\$46,226,893</u>	<u>\$45,531,123</u>	<u>\$90,145,557</u>	<u>\$89,921,164</u>	<u>\$104,897,419</u>	<u>\$96,499,707</u>	<u>\$67,457,850</u>	<u>\$60,217,489</u>	<u>\$47,228,520</u>

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

(a) The change in total fund balance for the General Fund and All Other Governmental Funds is explained in Management's Discussion and Analysis.

The detail of Reserved and Designated Fund balance is explained in Note 18 of the financial statement footnotes.

**CITY OF HAYWARD**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>				
Property Taxes	\$16,548,863	\$17,491,441	\$18,728,438	\$19,577,399
Property Tax Increment	2,599,452	3,728,173	5,113,404	6,138,632
Special Assessments	58,515	331,974	248,175	547,431
Sales Taxes	34,434,023	30,040,063	25,779,520	25,412,984
Utility Users Taxes				
Other Taxes	18,404,266	16,993,758	16,059,700	19,182,313
Licenses, permits	2,122,084	2,268,159	2,474,133	3,501,299
Fines and forfeitures	938,720	671,481	1,512,510	989,574
Use of money and property	5,908,916	3,905,886	2,889,938	1,231,361
Intergovernmental revenues	19,536,031	27,428,038	21,876,919	26,655,486
Fees and charges for services	3,212,084	5,219,207	3,881,800	4,352,191
Reimbursement from Developer	772,472	52,386	75,000	
Other	13,630,131	4,208,662	5,373,302	4,799,061
Total Revenues	<u>118,165,557</u>	<u>112,339,228</u>	<u>104,012,839</u>	<u>112,387,731</u>
<b>Expenditures</b>				
Current:				
General government	7,892,720	9,018,411	8,826,326	8,985,611
Public safety	48,556,109	55,367,946	56,707,431	62,511,746
Public works and transportation	9,264,448	10,136,455	10,989,386	11,310,705
Library and Community Services	4,972,441	6,819,730	6,931,533	7,046,871
Redevelopment	2,799,749	3,835,139	3,529,115	3,386,153
Planning and building				
Maintenance services				
Community development				
Culture and leisure				
Nondepartmental	483,824	1,078,434	729,191	652,406
Capital outlay	13,099,823	20,289,015	25,862,483	16,310,072
Debt service:				
Principal repayment	1,843,425	1,579,128	1,720,103	5,809,203
Interest and fiscal charges	2,649,656	3,073,252	2,750,879	3,499,130
Pass-through payments				
Total Expenditures	<u>91,562,195</u>	<u>111,197,510</u>	<u>118,046,447</u>	<u>119,511,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,603,362</u>	<u>1,141,718</u>	<u>(14,033,608)</u>	<u>(7,124,166)</u>
<b>Other Financing Sources (Uses)</b>				
Gain on Sale				
Transfer of land held for resale to cap assets				
Proceeds from sale of capital asset				
Proceeds of refunding bonds				
Payment to refunded bond escrow agent		(3,409,396)		
Proceeds of repayment agreement				
Proceeds from long term debt	380,154	3,589,835		44,790,000
Contributions from assessment district			8,693,706	
Operating transfers in	11,556,084	28,066,581	13,242,059	17,676,689
Operating transfers out	<u>(12,301,406)</u>	<u>(28,031,509)</u>	<u>(12,358,183)</u>	<u>(16,499,746)</u>
Total other financing sources (uses)	<u>(365,168)</u>	<u>215,511</u>	<u>9,577,582</u>	<u>45,966,943</u>
Net Change in fund balances	<u>\$26,238,194</u>	<u>\$1,357,229</u>	<u>(\$4,456,026)</u>	<u>\$38,842,777</u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	5.1%	9.9%

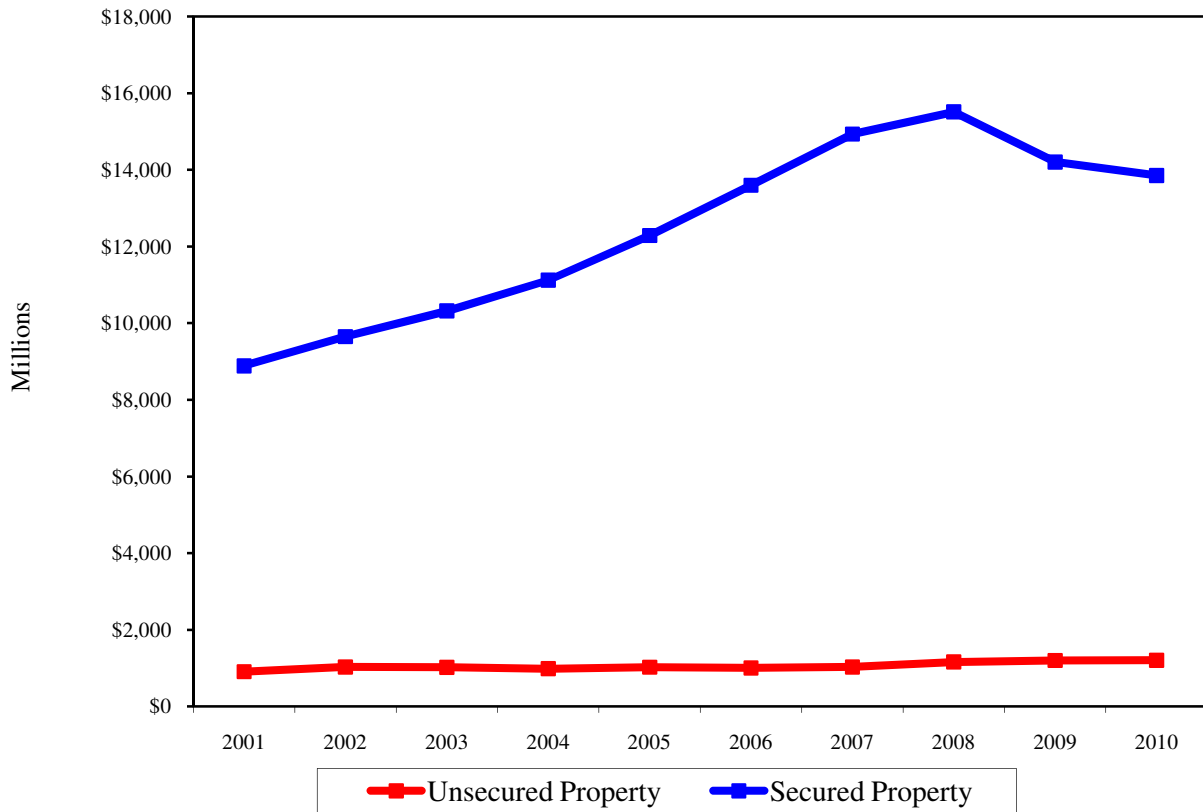
NOTE:

- (a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.
- (b) The City reorganized its departments. As a result, Community Development and Culture and Leisure departments no longer exist.



Fiscal Years Ended June 30:					
2005	2006	2007	2008	2009	2010
\$18,859,966	\$21,446,064	\$24,687,960	\$39,135,339	\$41,221,852	\$37,292,466
7,035,685	9,154,816	11,465,642	12,082,986	12,630,213	10,180,653
555,487	685,832	884,579	1,051,269	741,098	610,058
27,155,333	26,685,812	28,857,677	29,233,148	26,341,473	23,508,544
					10,927,290
22,603,671	23,493,746	21,365,639	22,941,172	21,419,990	20,996,991
3,198,850	3,058,982	4,024,802	4,712,325	4,650,694	3,084,964
1,807,424	1,369,873	1,150,614	985,858	1,657,789	2,042,460
3,059,783	3,663,298	5,969,155	5,517,114	3,239,537	1,471,396
26,328,946	26,099,613	27,904,422	10,914,969	32,634,889	25,004,880
4,385,916	5,059,499	6,760,792	6,244,187	8,428,414	8,807,886
		5,000,000	1,813,604	381,868	484,205
7,092,766	7,418,334	4,823,715	3,782,765	1,781,740	2,559,991
122,083,827	128,135,869	142,894,997	138,414,736	155,129,557	146,971,784
10,083,636	10,595,772	10,729,759	11,639,480	10,421,821	8,564,302
63,399,896	67,486,231	71,172,116	79,941,250	79,537,953	82,051,155
11,728,493	12,282,568	13,037,745	6,186,587	9,558,688	6,152,137
10,378,197	6,880,898	7,533,647	8,511,524	8,771,317	7,986,000
3,421,821	3,520,852	3,628,763	6,039,172	4,810,371	5,986,083
			6,454,120	6,095,525	5,558,437
			7,160,250	3,723,200	4,384,873
			(b)		
			(b)		
1,433,854	1,874,955	1,379,106			
17,942,515	17,426,130	37,397,788	32,072,854	29,560,203	15,712,302
1,338,715	2,059,939	2,221,503	3,026,920	3,094,025	2,940,621
3,890,878	4,824,827	4,792,626	5,186,476	4,046,129	3,966,495
					5,660,618
123,618,005	126,952,172	151,893,053	166,218,633	159,619,232	148,963,023
(1,534,178)	1,183,697	(8,998,056)	(27,803,897)	(4,489,675)	(1,991,239)
2,500,000					
(3,443,016)					
				2,301,320	
			31,820,000	0	
			(31,184,483)	0	
2,250,000	12,291,602	257,512	1,342,011	0	
10,616,069	15,198,496	13,790,988	21,111,234	22,583,520	26,352,391
(9,425,284)	(13,714,603)	(12,991,291)	(19,687,595)	(21,476,956)	(33,068,855)
2,497,769	13,775,495	1,057,209	3,401,167	3,407,884	(6,716,464)
\$963,591	\$14,959,192	(\$7,940,847)	(\$24,402,730)	(\$1,081,791)	(\$8,707,703)
5.2%	6.7%	6.5%	6.5%	5.8%	5.7%

**CITY OF HAYWARD**  
**ASSESSED AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**



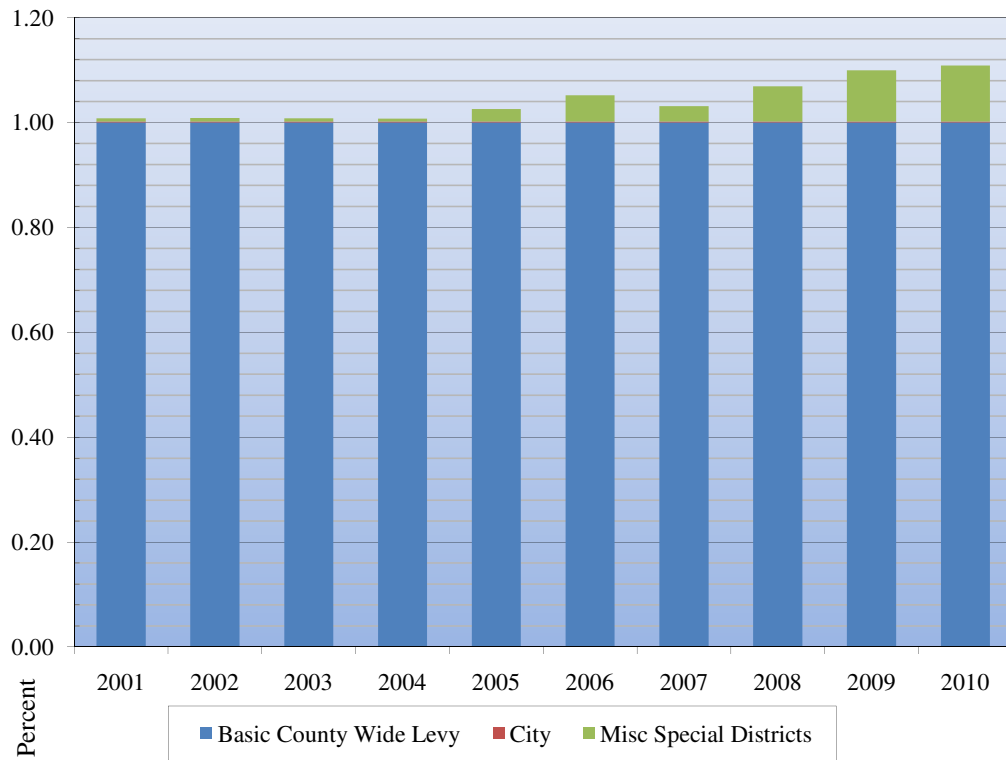
Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed	Estimated Full Market (a)	Direct Tax Rate (b)
2001	8,886,868,948	908,109,523	9,794,978,471	9,794,978,471	1%
2002	9,648,053,727	1,030,843,430	10,678,897,157	10,678,897,157	1%
2003	10,319,487,654	1,024,667,076	11,344,154,730	11,344,154,730	1%
2004	11,122,042,996	986,816,539	12,108,859,535	12,108,859,535	1%
2005	12,288,165,552	1,027,365,069	13,315,530,621	13,315,530,621	1%
2006	13,597,846,461	1,007,627,707	14,605,474,168	14,605,474,168	1%
2007	14,934,382,599	1,032,847,525	15,967,230,124	15,967,230,124	1%
2008	15,511,405,943	1,162,782,433	16,674,188,376	16,674,188,376	1%
2009	14,205,256,130	1,202,570,890	15,407,827,020	15,407,827,020	1%
2010	13,852,339,086	1,206,621,783	15,058,960,869	15,058,960,869	1%

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

**CITY OF HAYWARD  
PROPERTY TAX RATES  
ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	City	Misc Special Districts	Total
2001	1.0000	0.0018	0.0065	1.0083
2002	1.0000	0.0018	0.0072	1.0090
2003	1.0000	0.0018	0.0065	1.0083
2004	1.0000	0.0018	0.0057	1.0075
2005	1.0000	0.0018	0.0243	1.0261
2006	1.0000	0.0018	0.0502	1.0520
2007	1.0000	0.0018	0.0294	1.0312
2008	1.0000	0.0018	0.0674	1.0692
2009	1.0000	0.0018	0.0976	1.0994
2010	1.0000	0.0018	0.1070	1.1088

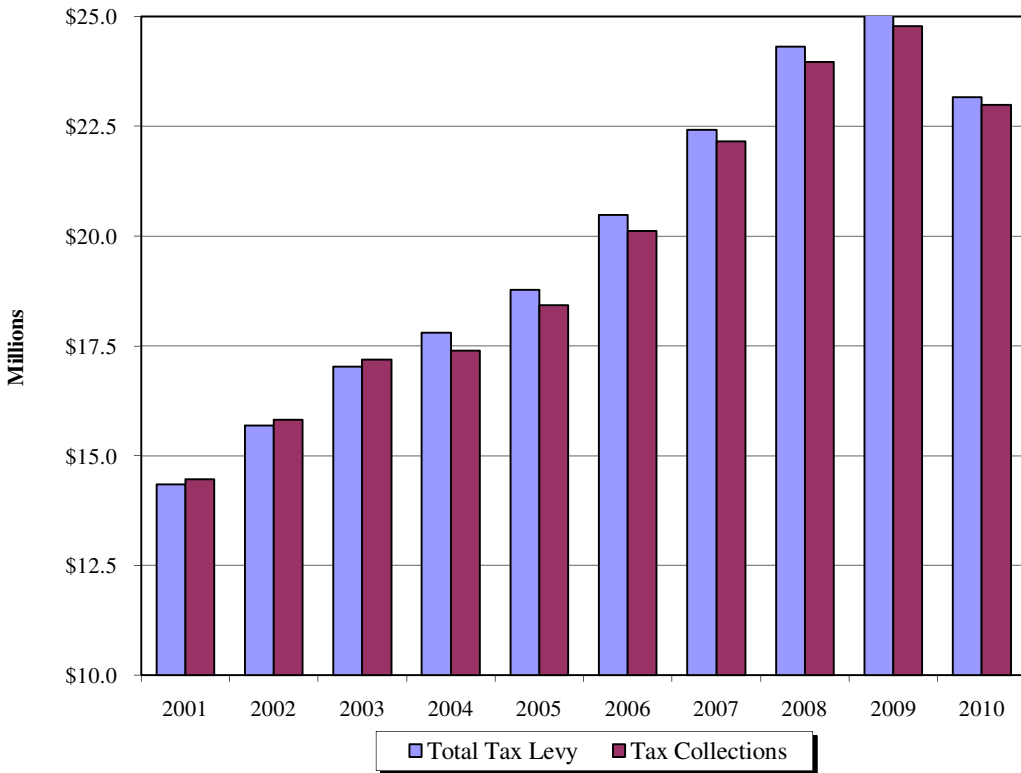
Source: Alameda County Assessor's Office

**City of Hayward**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2009-10</u>			<u>2000-01</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Northern Cal Industrial Portfolio	182,036,240	1	1.2%			
Kohls Department Stores Inc	123,267,837	2	0.8%			
Berkeley Farms Inc.	106,249,359	3	0.7%	115,396,721	1	1.2%
Hayward Point Eden I Ltd. Prt.	90,576,000	4	0.6%	61,150,763	6	0.6%
SCI Limited Partnership I	84,074,264	5	0.6%	71,003,414	5	0.7%
Impax Laboratories Inc.	74,435,621	6	0.5%			
Bottling Group LLC	73,359,107	7	0.5%	54,194,767	7	0.6%
North 3 Holding LLC	60,433,572	8	0.4%			
First American Title Co	57,382,168	9	0.4%			
Target Corporation	56,799,618	10	0.4%			
Equitable Life Assurance Soc.				108,545,633	3	1.1%
SPK Industrial Portfolio LLC				108,878,628	2	1.1%
ESI (CA) QRS 12-6 Inc.				87,545,415	4	0.9%
Essex Wimbledon Woods Apartments LLC				47,011,466	9	0.5%
Calwest Industrial Properties LLC				53,563,000	8	0.5%
GE Credit Auto Auctions Inc.				18,118,413	10	0.2%
<b>Subtotal</b>	<b>908,613,786</b>		<b>6.0%</b>	<b>725,408,220</b>		<b>7.4%</b>
Total Net Assessed Valuation:						
Fiscal Year 2009/2010	\$ 15,058,960,869					
Fiscal Year 2000/2001	9,794,978,471					

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls.

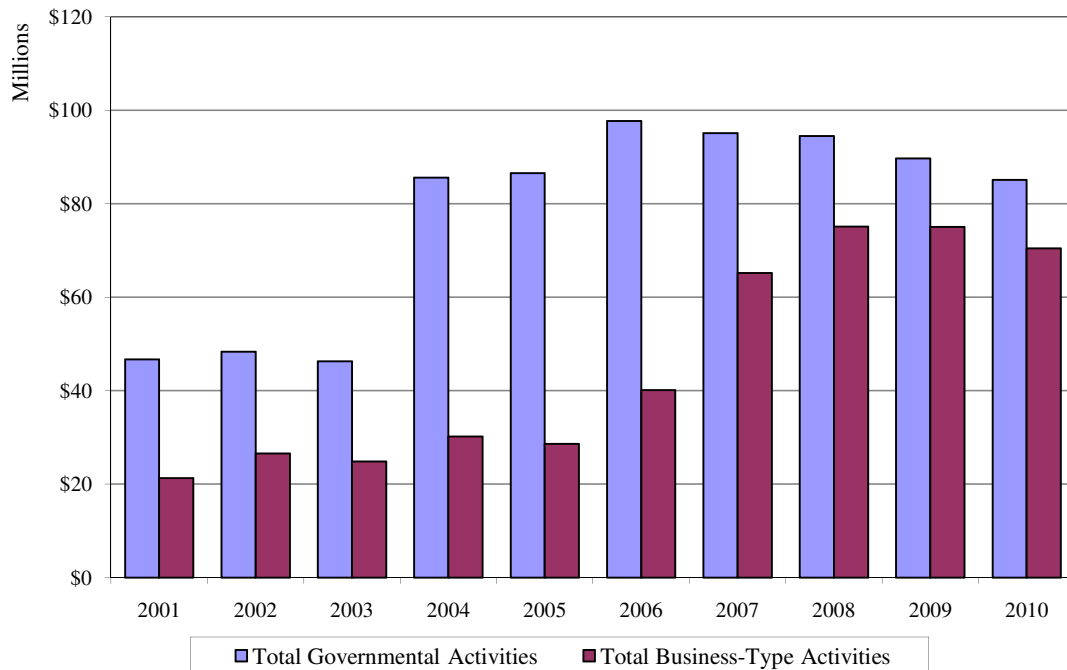
**CITY OF HAYWARD  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2001	14,345,461	14,043,529	97.90%	421,843	14,465,372	100.84%
2002	15,690,705	15,281,762	97.39%	535,586	15,817,348	100.81%
2003	17,024,389	16,558,946	97.27%	628,813	17,187,759	100.96%
2004	17,798,479	16,847,330	94.66%	549,264	17,396,594	97.74%
2005	18,777,530	17,834,790	94.98%	585,811	18,420,601	98.10%
2006	20,479,673	19,465,790	95.05%	657,640	20,123,430	98.26%
2007	22,414,567	21,022,743	93.79%	1,133,169	22,155,912	98.85%
2008	24,307,591	22,564,833	92.83%	1,393,980	23,958,813	98.57%
2009	25,157,590	23,387,921	92.97%	1,396,493	24,784,414	98.52%
2010	23,161,547	21,849,101	94.33%	1,132,552	22,981,653	99.22%

Source: Alameda County Assessor Office

**CITY OF HAYWARD**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**



Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
2001	5,025,000	37,765,000		3,888,592	46,678,592
2002	4,750,000	36,930,000	6,069,835	576,332	48,326,167
2003	4,460,000	36,050,000	5,513,235	236,367	46,259,602
2004	44,790,000	35,125,000	4,935,070	692,271	85,542,341
2005	44,790,000	34,160,000	4,334,710	3,218,896	86,503,606
2006	55,995,000	33,150,000	3,711,230	4,857,110	97,713,340
2007	55,385,000	32,095,000	3,068,590	4,506,396	95,054,986
2008	54,175,000	31,820,000	2,367,210	6,085,299	94,447,509
2009	52,905,000	30,430,000	1,785,520	4,536,751	89,657,271
2010	51,570,000	29,045,000	1,449,610	3,058,792	85,123,402

Business-Type Activities					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Government Debt Per Capita (a)
2001	5,699,771	15,585,000	21,284,771	67,963,363	471.85
2002	10,937,028	15,607,583	26,544,611	74,870,778	518.84
2003	10,040,001	14,810,883	24,850,884	71,110,486	491.36
2004	16,154,965	14,019,965	30,174,930	115,717,271	800.08
2005	15,417,645	13,192,645	28,610,290	115,113,896	788.31
2006	14,646,885	25,490,235	40,137,120	137,850,460	941.61
2007	13,853,205	51,289,612	65,142,817	160,197,803	1,083.55
2008	12,502,790	62,618,065	75,120,855	169,568,364	1,136.48
2009	12,147,240	62,885,113	75,032,353	164,689,624	1,091.54
2010	11,232,695	59,227,319	70,460,014	155,583,416	1,016.19

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) Per Capita based on City population; refer to Demographic and Statistics Schedule for population data.

Sources: City of Hayward  
State of California, Department of Finance (population)  
U.S. Department of commerce, Bureau of the Census (income)

**CITY OF HAYWARD**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b><u>General Bonded Debt Outstanding</u></b>				
<b><u>Fiscal Year</u></b>	<b><u>Tax Allocation Bonds</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Debt To Taxable Property Value</u></b>	<b><u>General Bonded Debt Per Capita (a)</u></b>
2001	5,025,000	5,025,000	0.05%	34.89
2002	4,750,000	4,750,000	0.04%	32.92
2003	4,460,000	4,460,000	0.04%	30.82
2004	44,790,000	44,790,000	0.37%	309.68
2005	44,790,000	44,790,000	0.34%	306.72
2006	55,995,000	55,995,000	0.38%	382.48
2007	55,385,000	55,385,000	0.35%	374.62
2008	54,175,000	54,175,000	0.32%	363.09
2009	52,905,000	52,905,000	0.34%	350.65
2010	51,570,000	51,570,000	0.34%	336.83

Source: City of Hayward Long Term Debt Schedule

(a) Per Capita based on City population; see Schedule 13 Demographic and Statistics for population data.

**CITY OF HAYWARD**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**JUNE 30, 2010**

2009-10 Assessed Valuation:	\$14,994,829,355
Redevelopment Incremental Valuation:	<u>\$1,092,039,296</u>
Adjusted Assessed Valuation:	\$13,902,790,059

	Net Debt Outstanding	Percentage Applicable to City of Hayward	Amount Applicable to City of Hayward
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT</u></b>			
Bay Area Rapid Transit District	\$420,000,000	3.184%	\$13,372,800
Chabot-Las Positas Community College District	462,902,125	17.697%	81,919,789
Castro Valley Unified School District	86,035,000	0.187%	160,885
Hayward Unified School District	95,940,000	86.106%	82,610,096
New Haven Unified School District	196,796,736	20.356%	40,059,944
Pleasanton Unified School District	98,249,429	0.032%	31,440
San Lorenzo Unified School District	72,660,000	21.166%	15,379,216
Washington Township Healthcare District	71,690,000	2.619%	1,877,561
East Bay Regional Park District	196,775,000	4.852%	9,547,523
City of Hayward Community Facilities District No. 1	9,525,000	100.000%	9,525,000
City of Hayward 1915 Act Bonds	2,005,500	100.000%	2,005,500
Alameda County Combined Reassessment District	490,000	100.000%	490,000
<b>SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u>256,979,754</u>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Alameda County General Fund Obligations	419,006,000	8.151%	34,153,179
Alameda County Pension Obligations	178,386,819	8.151%	14,540,310
Alameda-Contra Costa Transit District Certificates of Participation	40,335,000	9.886%	3,987,518
Chabot-Las Positas Community College District Certificates of Participation	4,665,000	17.697%	825,565
Hayward Unified School District Certificates of Participation	19,395,000	86.106%	16,700,259
San Lorenzo Unified School District Certificates of Participation	22,350,000	21.166%	4,730,601
Castro Valley and Pleasanton Unified School District Certificates of Participation	17,165,000	0.187% & 0.032%	6,245
City of Hayward General Fund Obligations	33,840,000	100.000%	33,840,000
<b>SUBTOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>108,783,677</u>
Less: City of Hayward Public Financing Authority Lease Revenue Bonds (100% self-supporting) and Association of Bay Area Governments, Series 2001-2 (20% self-supporting)			<u>\$2,383,000</u>
<b>SUBTOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>106,400,677</u>
<b>GROSS COMBINED TOTAL DEBT</b>			365,763,431 (2)
<b>NET COMBINED TOTAL DEBT</b>			363,380,431

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.  
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**RATIOS TO 2009-10 ASSESSED VALUATION:**

Subtotal Gross Direct and Overlapping Tax and Assessment Debt 1.71%

Source: California Municipal Statistics, Inc.



**CITY OF HAYWARD**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**JUNE 30, 2010**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$15,058,960,869
---	------------------

BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	\$2,258,844,130
--	-----------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$85,123,402
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	85,123,402
---	------------

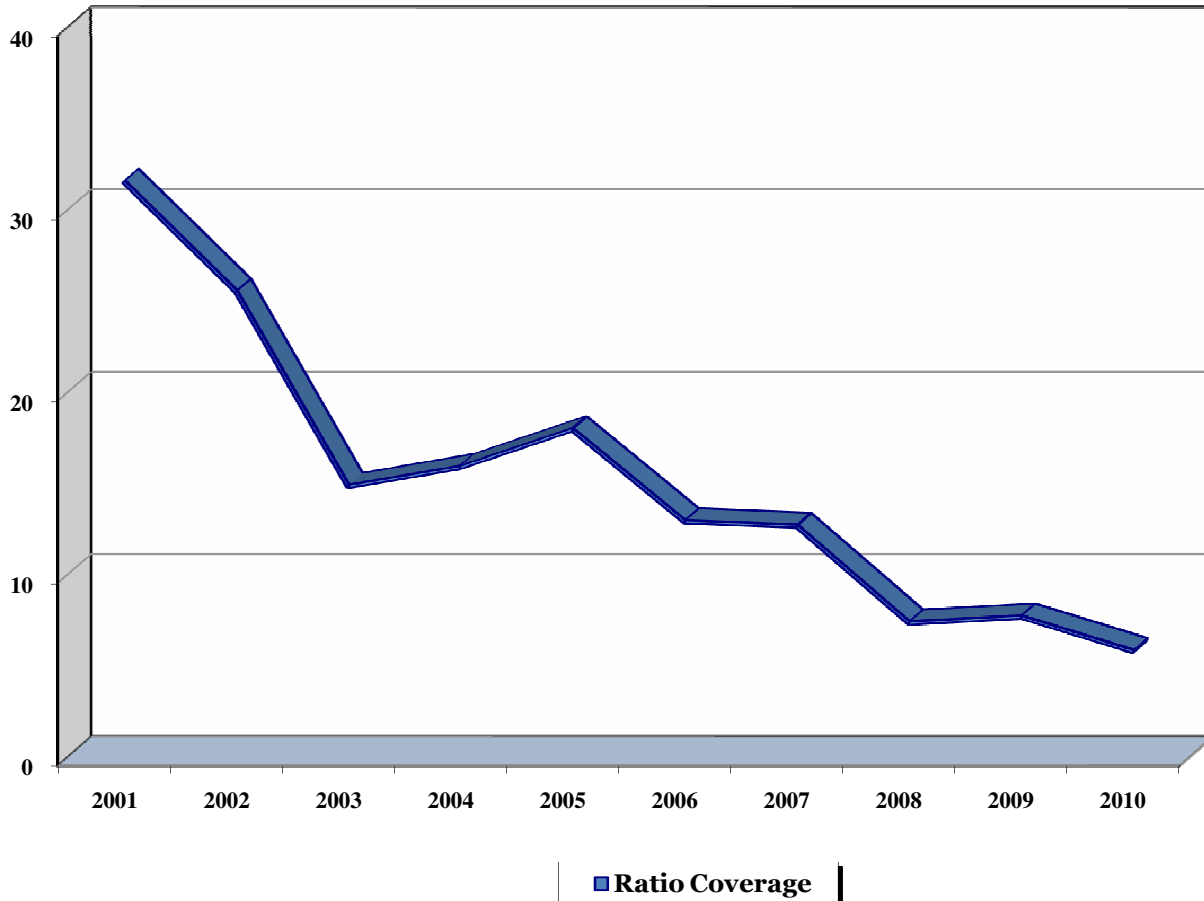
Amount of debt subject to limit	0
---------------------------------	---

LEGAL BONDED DEBT MARGIN	\$2,258,844,130
--------------------------	-----------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2001	1,469,246,771	0	1,469,246,771	0.00%
2002	1,601,834,574	0	1,601,834,574	0.00%
2003	1,701,623,210	0	1,701,623,210	0.00%
2004	1,816,328,930	0	1,816,328,930	0.00%
2005	1,997,329,593	0	1,997,329,593	0.00%
2006	2,190,821,125	0	2,190,821,125	0.00%
2007	2,395,084,519	0	2,395,084,519	0.00%
2008	2,501,128,256	0	2,501,128,256	0.00%
2009	2,311,174,053	0	2,311,174,053	0.00%
2010	2,258,844,130	0	2,258,844,130	0.00%

Source: County of Alameda Auditors Office

**CITY OF HAYWARD  
REVENUE BOND COVERAGE  
WASTEWATER REVENUE BONDS  
LAST TEN FISCAL YEARS**

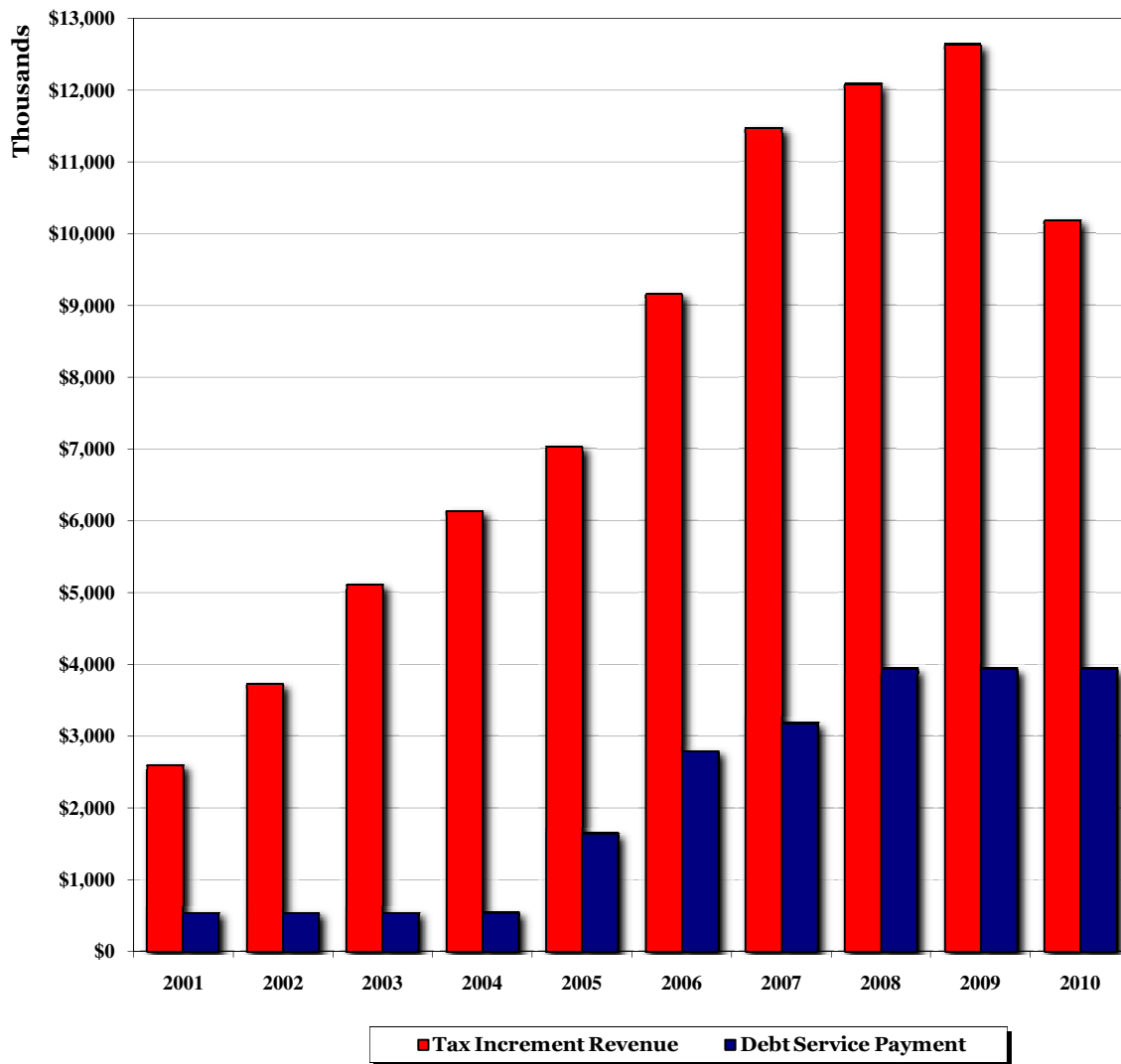


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
2001	38,043,354	21,431,811	16,611,543	270,000	256,505	526,505	31.55
2002	37,008,979	22,336,686	14,672,293	260,000	315,000	575,000	25.52
2003	37,117,660	21,657,598	15,460,062	550,000	493,240	1,043,240	14.82
2004	45,157,589	28,749,172	16,408,417	560,000	474,167	1,034,167	15.87
2005	48,501,867	29,848,059	18,653,808	575,000	464,851	1,039,851	17.94
2006	40,424,483	27,212,260	13,212,223	595,000	429,960	1,024,960	12.89
2007	49,256,682	32,133,601	17,123,081	700,000	654,199	1,354,199	12.64
2008	50,796,313	34,331,143	16,465,170	1,630,000	615,493	2,245,493	7.33
2009	52,045,189	36,734,951	15,310,238	1,275,000	723,400	1,998,400	7.66
2010	49,514,021	37,952,868	11,561,153	1,325,000	676,988	2,001,988	5.77

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue  
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Hayward Annual Financial Statements

**CITY OF HAYWARD  
BONDED DEBT PLEDGED REVENUE COVERAGE  
TAX ALLOCATION BONDS  
LAST TEN FISCAL YEARS**



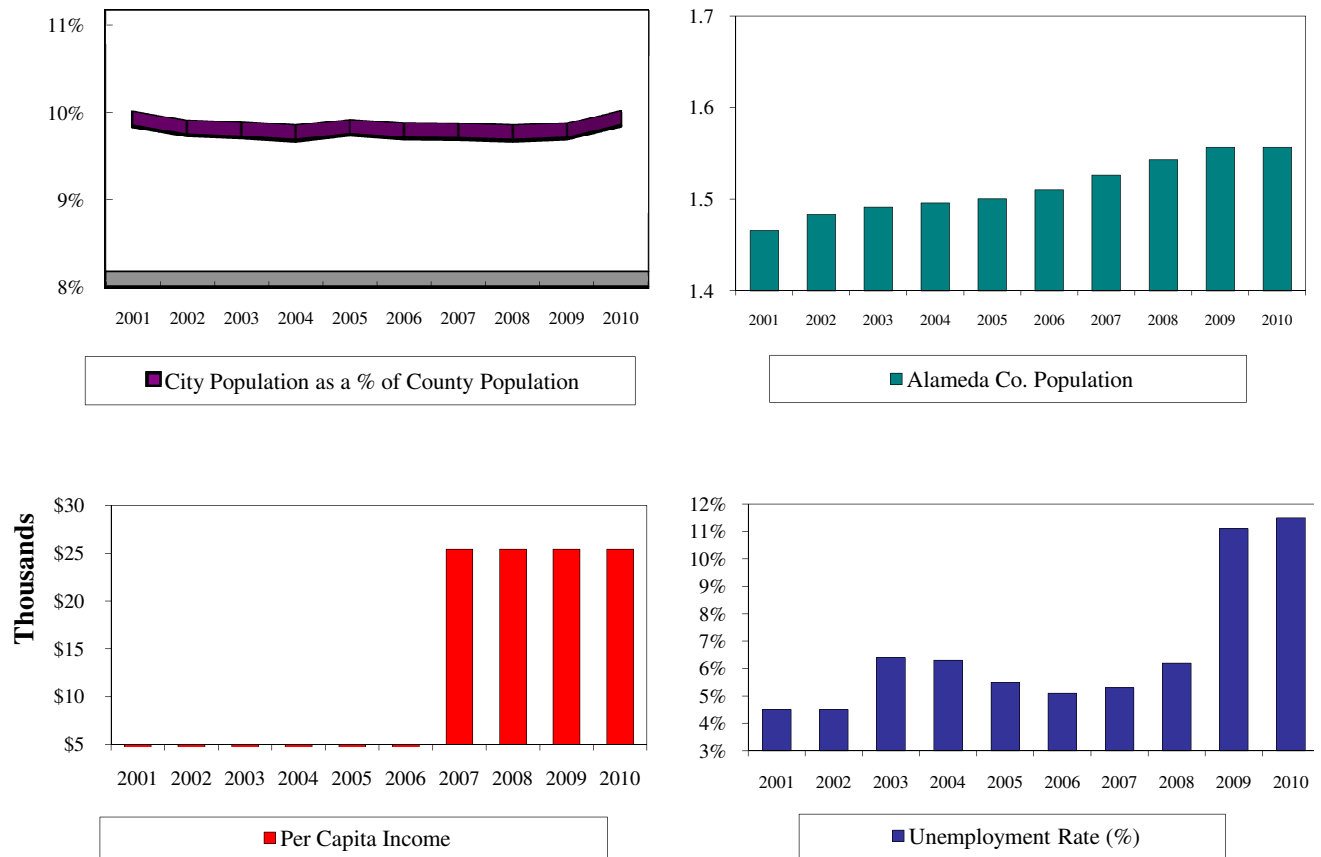
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	2,599,452	265,000	278,081	543,081	4.79
2002	3,728,173	275,000	266,156	541,156	6.89
2003	5,113,404	290,000	253,506	543,506	9.41
2004	6,138,632	305,000	239,876	544,876	11.27
2005	7,035,685	0	1,643,576	1,643,576	4.28
2006	9,154,816	595,000	2,199,581	2,794,581	3.28
2007	11,465,642	610,000	2,571,716	3,181,716	3.60
2008	12,082,986	1,210,000	2,722,771	3,932,771	3.07
2009	12,630,212	1,270,000	2,662,272	3,932,272	3.21
2010	10,180,653	1,335,000	2,598,772	3,933,772	2.59

Source: City of Hayward Annual Financial Statements

# CITY OF HAYWARD

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN FISCAL YEARS



Fiscal Year	City Population	Per Capita Income	City Unemployment Rate	Alameda Co. Population	City Population % of County
2001	144,037	not available	4.5%	1,465,669	9.83%
2002	144,304	not available	4.5%	1,483,438	9.73%
2003	144,721	not available	6.4%	1,491,247	9.70%
2004	144,633	not available	6.3%	1,495,775	9.67%
2005	146,027	not available	5.5%	1,500,228	9.73%
2006	146,398	not available	5.1%	1,510,303	9.69%
2007	147,845	25,439	5.3%	1,526,148	9.69%
2008	149,205	25,439	6.2%	1,543,000	9.67%
2009	150,878	25,407	11.1%	1,556,657	9.69%
2010	153,104	25,407	11.5%	1,556,657	9.84%

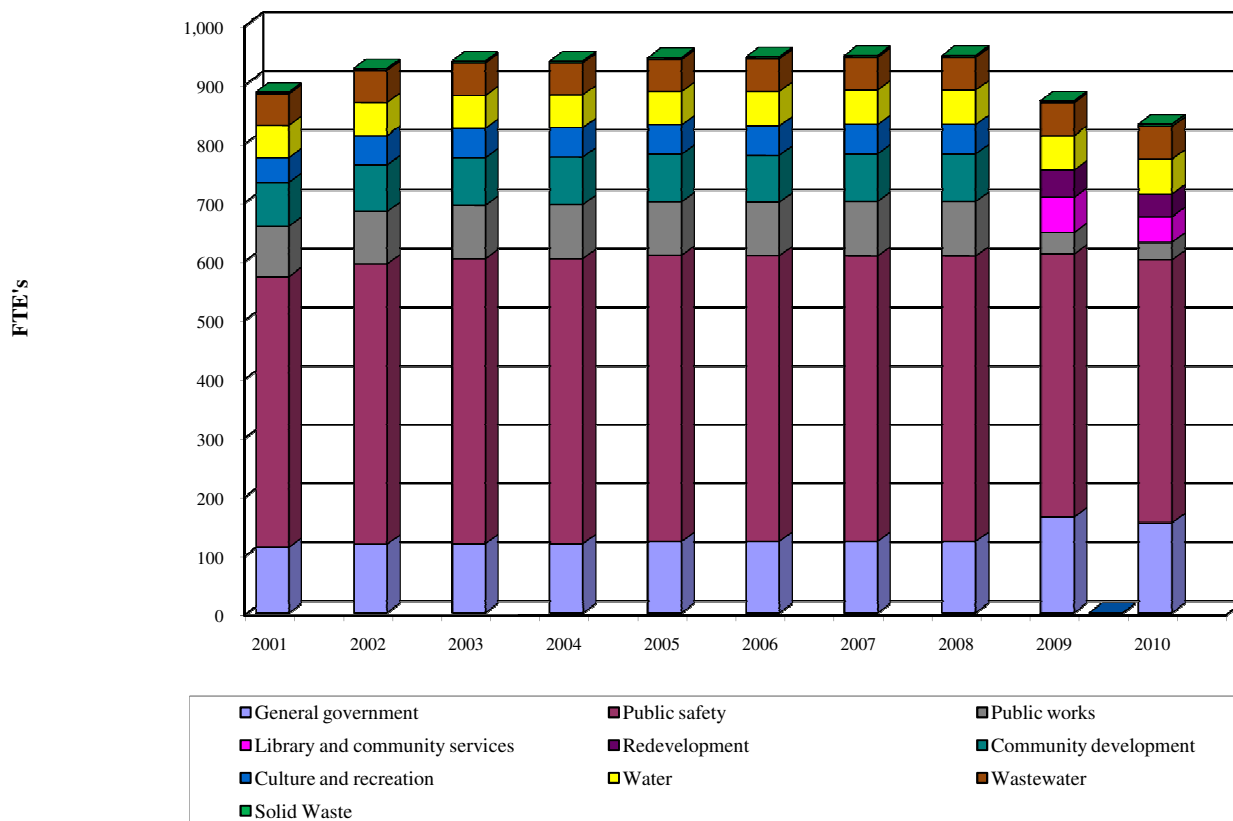
Source: California State Department of Finance  
U.S. Census Bureau

**City of Hayward**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<b>2009-10</b>			<b>2000-01</b>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Hayward Unified School District	2500	1	1.6%	2100	2	1.5%
California University East Bay	1447	2	0.9%	1600	4	1.1%
Kaiser Permanente Medical Center	1200	3	0.8%	2200	1	1.5%
City of Hayward	845	4	0.6%	835	6	0.6%
St. Rose	842	5	0.5%	660	8	0.5%
Gillig Corporation	700	6	0.5%	600	10	0.4%
Chabot College	600	7	0.4%	763	7	5.7%
Merelich Mechanical	500	8	0.3%			
Bay Cities Auto Auction	500	9	0.3%			
Kobe Precision	450	10	0.3%	440	11	3.3%
Injex Industries, Inc.	425	11	4.0%			
Pepsi Cola	400	12	0.3%	350	12	2.6%
Alameda Newspaper Group	300	13	0.2%			
Mervyn's				2000	3	1.4%
Pacific Bell				940	5	0.7%
Etec Systems, Inc.				600	9	0.4%
Neopost				350	13	0.2%
<b>Subtotal</b>	<b>10,709</b>		<b>7.0%</b>	<b>13,438</b>		<b>9.3%</b>
<b>Total City Population Using Census Data</b>	<b>153,104</b>			<b>144,037</b>		

\* Mervyns filed for bankruptcy as of November 2008

**CITY OF HAYWARD**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Function</b>										
General government	110.50	116.00	117.00	117.00	121.00	121.00	121.00	121.00	162.50	152.50
Public safety	460.20	476.20	484.20	484.20	486.20	485.20	484.70	484.70	446.70	446.70
Public works	85.75	88.75	90.75	91.75	90.75	90.75	92.75	92.75	36.50	29.75
Library and community services									59.85	43.45
Redevelopment									46.50	38.50
Community development	74.00	79.50	80.50	80.50	80.50	79.50	80.50	80.50	*	
Culture and recreation	41.95	49.85	49.85	49.85	49.85	49.85	49.85	49.85	*	
Water	55.00	56.00	56.00	56.00	57.00	59.00	59.00	59.00	58.25	59.25
Wastewater	53.50	54.50	55.50	54.50	54.50	55.50	55.50	55.50	55.50	55.50
Solid Waste	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
<b>Total</b>	<b>883.90</b>	<b>923.80</b>	<b>936.80</b>	<b>936.80</b>	<b>942.80</b>	<b>943.80</b>	<b>946.30</b>	<b>946.30</b>	<b>868.80</b>	<b>829.65</b>

Source: City of Hayward Adopted Operating Budget

\*Due to City of Hayward department reorganization; Community Development and Culture and Leisure departments no longer exist.

**CITY OF HAYWARD**  
**Operating Indicators by Function/Program**

	<b>Fiscal Year</b>		
<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Public safety:			
Fire alarms	14,500	14,537	14,183
Police: (Uniform Crime Reporting Statistics)			
Property crime calls	4,901	4,445	3,985
Violent crime calls	1,389	991	1,406
Arson calls	72	60	42
Public works			
Pavement Condition Index (PCI)*	70	70	70
*Industry measure of street condition with 100 ideal score			
Annual pavement improvement projects	10	11	11
Airport operations count/flights	148,052	133,941	91,536
Airport reported based aircraft	480	480	454
Redevelopment			
Housing Units Developed in the Vicinity of Downtown Hayward BART			
Station	60	0	
Social Services Projects Funded	23	24	24
Facilities Projects Funded	8	7	7
Economic Development Projects Funded	1	4	4
New Housing/Rehab Projects Funded	2	2	2
Public Services Projects Funded	10	12	12
Planning			
Active Subdivisions	44	51	45
Active Parcel Maps	11	9	22
Building Permits	2,654	1,534	3,431
Residential Rental Inspections	4,608	4,106	1,251
Library and neighborhood services			
Library Materials in Collection	154,799	160,022	161,042
Library Circulation (Items checked out)	958,145	1,005,053	1,175,550
Community Preservation Cases	2,410	2,520	3,527
Water			
Water service connections	32,288 (a)	32,352 (a)	32,683
Water main breaks	28 (a)	56 (a)	27
Average daily consumption (thousands of gallons)	19,334 (a)	18,568 (a)	17,442
Wastewater			
Sewer service connections	31,829 (a)	31,139 (a)	31,491
Average daily treatment (thousands of gallons)	12,900 (a)	12,250 (a)	11,900
Solid Waste			
Landfilled waste recycled and diversion rate*	65% (b)	68% (b)	60%-65%
*Diversion rate beginning in calendar year 2000 and each year thereafter.			

Source: City of Hayward

**CITY OF HAYWARD**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Function/Program</b>				
Public safety:				
Fire stations (a)	9	9	9	9
Number of firefighters and officers (b)	127	128	125	115
Police stations	1	1	1	1
Number of police officers (c)	197	204	204	196
Public works				
Miles of streets	253	255	258	258
Street lights	6,900	6,950	7,000	7,000
Traffic Signals	100	101	103	105
Airport	1	1	1	1
Library and neighborhood services				
City Libraries	2	2	2	2
Water				
Number of consumers	126,000	130,000	130,000	130,000
Average daily consumption (gallons)	18,360,735	17,608,073	17,688,993	19,647,860
Miles of water mains	325	325	325	325
Storage capacity (gallons)	25,250,000	25,250,000	25,250,000	25,250,000
Wastewater				
Miles of sewers	325	325	325	325
Number of treatment plants	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	16,500,000	16,500,000

(a) Includes Fairview Fire District Station under contract

(b) represents actual hired firefighters and officers which may be different than budgeted number of positions

(c) represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward



Fiscal Year					
2005	2006	2007	2008	2009	2010
9	9	9	9	9	9
119	118	120	121	116	121
1	1	1	1	1	1
188	192	186	186	181	198
258	258	258	260	260	260
7,300	7,300	7,300	7,700	7,700	8,000
106	107	107	108	108	108
1	1	1	1	1	1
2	2	2	2	2	2
140,000	140,000	140,000	140,000	140,000	140,000
18,500,000	18,300,000	18,200,000	19,300,000	18,600,000	17,400,000
325	325	340	340	350	350
28,100,000	28,100,000	28,100,000	28,100,000	28,100,000	28,100,000
325	325	340	340	320	320
1	1	1	1	1	1
16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000

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**CITY OF HAYWARD**  
777 B STREET, HAYWARD, CA, 94541  
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